

JPRS 81762

15 September 1982

West Europe Report

No. 2030

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

15 September 1982

WEST EUROPE REPORT

No. 2030

CONTENTS

ENERGY ECONOMICS

DENMARK/GREENLAND

- Oil Drilling in East Greenland Seen Only After Ten Years
(GRØNLANDPOSTEN, 11 Aug 82) 1

GREECE

- Probable Oil Find In Orestias Reported
(TA NEA, 21 Aug 82) 2
- Ipeiros Oil Drilling
(I KATHIMERINI, 20 Aug 82) 4

ICELAND

- Domestic Energy Gains Ground
(NEWS FROM ICELAND, Sep 82) 5

ECONOMIC

FRANCE

- Effect Of Price Freeze On Domestic Market Recovery Studied
(LES ECHOS, 28 Jun 82) 6
- CFP Wants Out Of Petrochemicals, Delays Chemical Restructuring
(Ralph Back; LES ECHOS, 82 Jun 82) 8
- Briefs
- Petrochemical Contract With Nigeria 11
 - Technip Contract in Yugoslavia 11
 - Usinor, Sacilor Split SNM 11

ICELAND

Paper Comments On Government's Crisis Package (Editorial; NEWS FROM ICELAND, Sep 82)	13
Economist Urges Less Government-Direction Of Business (Thrainn Eggertsson; NEWS FROM ICELAND, Sep 82)	14
Government Announces New Economic Package (NEWS FROM ICELAND, Sep 82)	16

SWEDEN

Briefs Unemployment Expected To Increase	18
---	----

TURKEY

Key Areas In Turk-Is, Government Talks Noted (Sukran Ketenci; CUMHURIYET, 1 Jul 82)	19
Customs Duties Undergoing Review (CUMHURIYET, 3 Aug 82)	21
Ulagay Contrasts Ozal, Kafaoglu Approach (Osman Ulagay; CUMHURIYET, 2 Aug 82)	23
Post-Ozal Survey Of Problems, Expectations Made (Osman Ulagay; CUMHURIYET, 20-21 Jul 82)	25
Sevig Looks To Economic Future, Particularly Agriculture (Vecdi Sevig; DUNYA, 26 Apr 82)	28
Sevig Eyes Tax Audit System Shortfalls (Veysi Sevig; DUNYA, 1 May 82)	30
Kusculu Letter Given As Sample Of Employer Mentality (Halil Tunc; MILLIYET, 2 May 82)	32
Use of Istanbul Industrial Capacity Rises Sharply (CUMHURIYET, 22 Apr 82)	35
Pendik Shipyard Goes Operational (CUMHURIYET, 2 Jul 82)	37

POLITICAL

INTERNATIONAL AFFAIRS

Briefs Pan-Eskimo Journal Established	39
--	----

CYPRUS

Turkish UN Flurry In Light Of Greek-Cypriot Moves (CUMHURIYET, 5 Aug 82)	40
---	----

FINLAND

Article Examines Prospects Of SKDL Moving Toward Right (Erik Bagerstam; 7 DAGAR, 13 Aug 82)	42
--	----

GREECE

Commentary On Future Of KKE (Int.) (Vasilis K. Paikos; TO VIMA, 27 Jun 82)	46
Views, Comments Arise From Moratorium With Turkey (ELEVTHERTYPIA, 24, 25 Jul 82; RIZOSPASTIS, 25 Jul 82)	51
Caution Must Be Exercised, Editorial Situation Appraised, by Str. Zakhariadis U.S., NATO Arbitration Rejected, by Lambros Petsinis	
Commentary On Greek-Turkish Relations (Arist-Manolakos; KYRIAKATIKI ELEVTHERTYPIA, 27 Jun 82)	56
Strikes Said To Foreshadow Crisis Of Confidence (I KATHIMERINI, 27-28 Jun 82)	58

ICELAND

Independence MP Gudmundsson Explains Opposition To USSR Pact (MORGUNBLADID, 17 Jul 82)	62
Independence Althing Group Chief Confident If Early Vote (MORGUNBLADID, 24 Jul 82)	67
Paper Views Possible Government Collapse Due To USSR Pact (Editorial; MORGUNBLADID, 17 Jul 82)	71

PORTUGAL

Presidential Options Under New Constitution Analyzed (O JORNAL, 13 Aug 82)	72
Constitutional Revision May Enhance Legislative Role (Antonio Arnaut Interview; O JORNAL, 6 Aug 82)	79

SPAIN

PDP, PDL Worried About UCD, Differ On Coalition With AP (EL PAIS, 25 Jul 82)	82
PDP Basque Deputy Critical Of Seeming Impotence Of Government (Julen Guimon Interview; EL CORREO ESPANO, 15 Aug 82)....	86
Minister Explains How LOAPA Will Benefit Regional Autonomy (L.M. Cosculluela Interview; YA, 15 Aug 82)	92
Fraga's Natural Majority Strategy Not Yet Accepted (EL PAIS, 24 Jul 82)	97

TURKEY

Ozyoruk Examines Parameters Of Strong Executive (Mukbil Ozyoruk; TERCUMAN, 2, 3, Aug 82)	99
---	----

MILITARY

DENMARK

Increased Interest In Defense Among New Recruits Detected (Peter Bergen; AKTUEL, 17 Aug 82)	103
Defense Lobby Study Finds Drop In State Funds For Military (H. H. Mathiesen; BERLINGSKE TIDENDE, 27 Aug 82)	106
Paper Charges SDP Government Reneging On Defense Compromise (Editorial; BERLINGSKE TIDENDE, 27 Aug 82)	108

GREECE

National Defense Battalions Abolished (TA NEA, 12 Aug 82)	110
--	-----

SPAIN

General Del Yerro Denies He Will Run For Office Under AP Banner (Carmelo Martin; EL PAIS, 13 Aug 82)	111
Drive To Modernize Army Described (EL PAIS, 12 Aug 82)	113
Admiral Suanzes Describes Push To Modernize Navy (EL PAIS, 11 Aug 82)	116
Gen Garcia Conde Explains Role Of New F-18 Fighters (EL PAIS, 13 Aug 82)	119

OIL DRILLING IN EAST GREENLAND SEEN ONLY AFTER TEN YEARS

Godthaab GRØNLANDPOSTEN in Danish 11 Aug 82 p 13

[Text] So far there is nothing but noise and commotion in the area, which was occupied by the Joint Council late in July.

The normally quiet and peaceful Jameson Land in East Greenland has echoed in recent weeks with the muffled reports of underground explosions and earsplitting crashes from above-ground ones.

The joint council on mineral raw materials in Greenland looked late in July at the seismic test explosions and preliminary investigations and met the 40-odd people who are involved in the investigations, including state representatives and biologists, who are to check what damage to the environment the operations will entail.

Thus far the experts have had no occasion to report any irreparable damages. The explosions above ground, which take place ca. 1 meter above the ground, result in the leaves being burned off the low plant growth, but the biologists have found that the plants survive, because the root system is not damaged.

The underground explosions are set off in drillholes up to 40 meters deep, made by machines on rubber caterpillar tracks, traces of which can still be seen on the ground. The plants are pressed down, but without great damage.

The "echoes" of the explosions are registered at 36 "listening posts" that are set out in the area, and are compiled on computers so that they can be analyzed later.

The analysis will determine whether the method is applicable for further investigations. The further program includes two borings to a depth of 3,300 meters. Measurements will also be undertaken in these deep holes.

The experts say that oil production wells will not be drilled for 10-15 years.

This summer's activities are taking place in three "test areas," and the workers are housed in a temporary, modern camp near Michael Mountain, midway between test areas 1 and 2, which are in the extreme south of Jameson Land, while test area 3 is in the northwestern part.

Nordisk Mineselskab (Nordic Mining Company), which is partly owned by one of America's biggest oil companies, Arco, has invested 200 million kroner thus far in the exploration. The company is impatient to get a [remainder unavailable]

PROBABLE OIL FIND IN ORESTIAS REPORTED

Athens TA NEA in Greek 21 Aug 82 p 3

[Excerpts] There are good reasons to indicate that there is oil in the area of Orestias where the third drilling had reached a depth of 2,650 meters and is to be continued until it reaches 3,500 meters. At the same time the finding of oil and natural gas at Katakolon increases to a great degree the possibility of other, perhaps larger and immediately exploitable deposits both in the Ionian Sea as well as on land in Western Greece.

This was announced yesterday by Mr. Evangelos Kouloumbis, minister of Energy and Natural Resources who stated that:

"It is of fundamental importance to ascertain that today we have the capability to continue the exploration of our subsoil on our own. This evidence will have a definite influence on the way of managing our petroleum potential."

Mr. Kouloumbis emphasized also that a new legislative framework will be created for the exploration of hydrocarbons and that the negotiations with the Cooperative of the Northern Aegean for the revision of the relative agreement are continuing and he underlined:

"The areas which offer hope had been leased to foreign companies and the DEP [Public Petroleum Corporation] had been assigned areas of exploration which were both difficult and costly. For this reason the agreement of Shell for the Thermaikos Gulf will not become effective."

In the meantime the chairman of the board of DEP, Mr. And. Papathanasopoulos announced yesterday the program of intensive exploration which anticipates the following for 1982:

Geological research (Ipeiros, Aitolokarnania, Limnos, Khios, Rhodes).

Seismic research: Already a major part of an extensive program has been completed in the Ionian, Aegean and the waters of Northern Crete. There are four seismic laboratories operating on land (Ipeiros, Makedonia, the area of Grevena, Kefalonia).

Analysis and evaluation of geophysical data. Already an intensive effort of analysis and evaluation of the explorations listed above, with priority given to the areas of the Ionian, the Thermaikos Gulf and the Strymonikos Gulf.

A study on the advisability of the purchase of computers and programmers for analysis of seismic data is in its final stages so that the DEP will have, within the year 1983, the capability of doing its own analysis.

A department for the analysis of geophysical data is also being organized in order to make possible the utilization of a major bulk of data which remains unused. It is noted that this work was performed until now by foreign consultants at a high cost and with doubtful results.

Marine drilling. Already a drilling is in progress at Kylini 1 and a month later the drilling at Southern Kefalonia will begin. It is possible that, before the lease of the floating rig "Don Barrow" expires, another drilling in the Patraikos Gulf may be made.

Marine drillings will continue during 1983 after the evaluation of geological and geophysical data has been completed and there are previously designated locations. As Mr. Papathanosopoulos explained yesterday, a marine drilling costs approximately 100,000 dollars per day and requires great attention in the designation of its location, its priority and its importance to the overall program of exploration.

9731

CSO: 4621/492

IPEIROS OIL DRILLING

Athens I KATHIMERINI in Greek 20 Aug 82 p 7

[Text] Exploratory drilling to locate petroleum deposits was begun last Monday at the Lippa site of Ipeiros as announced by the Public Petroleum Corporation.

This drilling is the first in a series of three which will take place in Ipeiros and is of an exploratory nature as a part of the general program of geological research of Northern Greece conducted by DEP [Public Petroleum Corporation].

Also on the same day, there began to operate in Ipeiros the seismic laboratory. This exploration is also part of the general geological investigation of the region.

On the occasion of the beginning of the new drilling the management of DEP called attention to the misleading nature of a series of published reports of alleged finds of large quantities of oil and natural gas in various areas of the country.

(Editor's Note. It involves recent reports of the pro-government press which triumphantly presented the finding of rivers of oil while the DEP announced officially that they are not exploitable).

9731

CSO: 4621/492

DOMESTIC ENERGY GAINS GROUND

Reykjavik NEWS FROM ICELAND in English Sep 82 p 8

[Text]

In oil-equivalency terms, domestic sources accounted for an impressive 68% of total energy consumption in Iceland last year. The hydro component in that figure was reported as 41%, the geothermal one as 27%.

At the end of 1981, about three-fourths of the national population lived in geothermally heated housing — compared with 41% in 1970 and just 23% in 1960. The country's longest hot-water pipeline, approximately 75 kilometres with the major side branches included, was formally inaugurated early this year.

The first turbine of a new hydro station, located at Hrauneyjafoss (S-Iceland), went on stream in late 1981, boosting installed generating capacity by 70 megawatts, to some 780 MW — roughly twice what existed a decade ago. A second- and third-phase startups at the plant are expected before year's end.

Responsible for 53% of the ag-

gregate energy use in the cited terms were power-intensive industries, a market dominated by two SW-Iceland smelters (aluminium and ferroalloy). Petroleum products, supplied overwhelmingly by the Soviet Union, constituted 15.3% of 1981 imports. Sales of fuel oil for space heating plunged.

While the first steps toward systematic utilization of geothermal energy were taken in the early decades of this century, no big-scale harnessing project was undertaken until the early 1940s — when a 15-km pipeline was laid for a Reykjavik heating utility. The effort to tap this domestic resource has remained intense since the 1973 oil crisis.

Currently, 27 major geothermal installations are operating in Iceland. Most of them exploit so-called low-temperature fields and involve direct use of the water, but heat-exchanger technology is necessary in some cases.

EFFECT OF PRICE FREEZE ON DOMESTIC MARKET RECOVERY STUDIED

Paris LES ECHOS in French 28 Jun 82 p 4

[Article by J. M. L.: "The Price Freeze Will Aid the Recovery of Domestic Markets"]

[Text] "No international regulation forbids managements to buy French pencils," exclaimed Pierre Mauroy on Wednesday before the National Assembly. The theme of the recovery of the domestic market, in conjunction with the renewal of the enlarged public sector (10 billion francs in subsidies have been included in the 1983 budget), was on the agenda.

In any case, the best measure is called the competitiveness of firms. In particular, this assumes an overall economic policy favoring a relief of business costs. This is far from being the administration's solution, if you believe employer organizations.

A study by de Villepin, adopted by the general assembly of the Chamber of Commerce and Industry, summarizes opinion on this subject. The author first examines the theoretical options. "There are no technologically doomed sectors where it is not possible to increase productivity," estimated the Ministry of Industry. According to government statements, recovery goes hand in hand with the concept of industrial branches.

The diagnosis should also be based on fact. The increase of foreign penetration into France dates from 1959, paralleling the change in attempts to export. From 1959 to 1980, the penetration rate for industry went from 7.6 to 24.6 percent and the export rate from 14 to 27 percent.

Here are a few international comparisons. By taking the comparison of imports to supply as a whole (production plus imports), the United Kingdom went from 18 percent in 1960 to 27 percent in 1979; the FRG from 12 to 28.1 percent; and France from 11 to 22 percent.

Sectors

In professional durable goods, penetration has now reached 49 percent (in 1970 francs), which means that any renewal of investment is likely to put our trade balance in serious difficulty. The export rate is also very high (47 percent),

but this is for specific goods (telecommunications, nuclear plants) sold primarily to OPEC or Third World countries on very advantageous credit conditions.

For durable household goods the penetration is 44 percent, an increase due primarily from purchases from Italy. In particular, electroacoustics and videorecorders are rapidly expanding, which is cause for concern.

For popular consumer goods, penetration is only 25 percent, but the percentages are much higher for leather, shoes and textiles. "The same type of change is beginning for automobiles. In 1981, the cover rate was only 160 percent, whereas it was 251 percent in 1979."

The sectors which have done a good job resisting imports owe this to regulation (pharmaceutical products) or to significant intervention by the public authorities (arms, railroad rolling stock, ship construction). The food and agriculture sector has kept a good share of the domestic market. In intermediary goods, the penetration rate grew by 55 percent between 1973 and 1980 and has now reached 33 percent. (The decline concerns organic chemistry, threads, artificial and synthetic fibers and iron ore.)

In general, the change in the import-export balance in comparison to the domestic market shows that gains have been made in the metal-machine sector, whereas losses have primarily concerned popular consumption (textile, clothing, leather, shoes) and also the electronics sector.

This has resulted in the strategic nature of the choice of sectors. In this respect, the policies of Japan or South Korea offer many lessons. They give examples of how they have gained markets through a position acquired by the comparative advantages of the international division of labor. With this in mind, five sectors have been picked.

They are textile-clothing, leather-shoes, wood-furniture, toys and machine-tools. They involve about 7,000 firms of over 20 employees, employing a total of 700,000 to 800,000. For these five industries, "the government is committing a sum of about 9-10 billion francs, in the hopes that the firms will adopt all of the measures," emphasized the ICC.

Textile-clothing has gotten the lion's share with 5 billion francs, followed by machine-tools with 4 billion francs over 3 years. It should be noted that these provisions are being contested by professional groups in the EEC and by the authorities in Brussels.

"Recapturing the domestic market requires the proper functioning of the market. This presumes freedom of prices first of all. Experience (for example in brewing or electrical appliances) shows that price controls favor imports to the extent that commercial stimulation is eliminated," wrote the author at a date when the freeze had not been officially announced. The right balance between the laws of the market and domestic protection still needs to be found.

CFP WANTS OUT OF PETROCHEMICALS, DELAYS CHEMICAL RESTRUCTURING

Paris LES ECHOS in French 82 Jun 82 p 8

[Article by Ralph Back: "Serious Difficulties Confront the Implementation of the Chemical Plan"]

[Text] The reorganization of the French chemical industry has bogged down. Although after much reflection the government had decided upon its major outlines at the beginning of May (LES ECHOS, 4 May 82), applying them on the spot is turning out to be more difficult than the experts at the Elysee, the Matignon and the Ministry of Industry had predicted. Heavy chemistry was supposed to have been regrouped this summer around three axes: Elf-Aquitaine, Rhone-Poulenc and CdF-Chemistry. All indications now are that the "boundary realignments" and mergers will hardly be ready before the end of the year.

An unexpected obstacle has postponed the deadlines further--the demands of the Total firm (the French Petroleum Company [CFP] and its subsidiary the French Refining Company [CFR]) regarding its withdrawal from petrochemistry. Total has an equal participation with SNEA (Elf-Aquitaine) in ATO Chemistry (50 percent) and Chloe (40 percent). Rene Granier de Lilliac, chief executive officer of CFP, explained last Friday at the stockholders' meeting that, as an industrialist, the firm can no longer manage its assets, since the state wants Elf-Aquitaine to have the majority participation in the new firm to be created.

"A role as a financial participant in difficult, risky and onerous activities is not an industrialist's normal role and this is why we have told the authorities, who understood very well, about our concern to withdraw from this area of chemistry, which can no longer be called joint," he said.

After indicating that participation in ATO-Chloe had already required a financial involvement of 2.8 billion 1982 francs, Granier de Lilliac stated that fairness demands that the firm receive compensation equal to the financial aid it has already granted. CFP believes that advances should be settled in cash, possibly with extended payments, but for the rest it could accept in part an exchange of assets in different sectors. "The point is that the amount and the payment method for the admitted debt be decided quickly, although payment could be spread out," he specified.

Financial Demands

As a preliminary, a correct evaluation of the compensation it should get for dropping its interests in ATO-Chloe should be done by an expert. Although this proposal has been accepted both by the administration and by SNEA, the latter has shown little inclination to compensate CFP with its own money since it believes that it is up to the government to shoulder the social costs resulting from the takeover of PUK's [Pechiney-Ugine-Kuhlmann] chemical assets (excluding paint, pharmaceutical products and dyes), since this reorganization implies the closing of some factories and shops and therefore presents serious questions about employment. The clinching argument is that, in the current situation, especially with the refining-distribution crisis, it does not have the resources to finance both the takeover of PCUK's assets and the compensation of Total.

Even if both firms want to progress quickly, settling Total's withdrawal will take time. According to some experts, a final solution will hardly be found before October at the earliest. And it is only after this delicate issue is settled that negotiations between SNEA and PUK can begin for the transfer of the latter's chemical assets. This could put off the final decision until the beginning of 1983. However, time is closing in, not only because the reorganization of this sector is behind (while the bad economic situation in chemistry continues to burden the management of the two firms), but also because, while waiting for this reorganization, uncertainty is paralyzing industrial, and especially commercial operations.

The administration also wants to reorganize the fertilizer industry without delay. This also involves Total, which holds 35 percent of the capital of COFAZ [French Nitrogen Company]. Pierre Dreyfus, minister of industry, hopes to present his "fertilizer" plan this summer. This plan would reduce to two the number of French producers that depend on the public sector: APC [Nitrogen and Chemical Products], a subsidiary of CdF-Chemistry, and a firm merging GESA [General Fertilizer Company] (a subsidiary of Rhone-Poulenc), with COFAZ, whose principal majority stockholder is the Bank of Paris and the Netherlands [Paribas].

A recent letter sent to Paribas asks that they submit reorganization proposals to the Ministry of Industry before 15 July after examining the situation with other French producers.

Granier de Lilliac was very explicit on this point during Friday's meeting. "We are in contact with Paribas to study the problem," he said. "We should not be led into simple solutions for the firm that is the most efficient in France, due to the sizable efforts it made during the last few years to become competitive (COFAZ showed a profit in 1981, while GESA and APC lost money).

"Simple solutions would merely lead to a merger of interests with companies which are not very profitable and would result in sharing losses which could not at all be blamed on COFAZ's operations. It would be a sort of ouster which would harm the legitimate interests of the stockholders of both the CFR and the CFP." Paribas undoubtedly shares this opinion.

How can Dreyfus' ministry overcome such opposition without making binding decisions, which are never good solutions in industry? The first attempt to reorganize the fertilizer sector was made by Pierre Darmon, head of Michel d'Ornano's staff, and failed because of COFAZ's refusal to merge with another firm in the branch.

As for the CFP, Granier de Lilliac assured that its withdrawal from chemistry would in no way change the firm's strategy, which is to expand in the fields of oil/natural gas, uranium, coal and even in renewable energy sources. But the head of the firm believes that the chemical decisions have affected the staff. "During a period when financing the preliminary operations has become difficult because of the losses in refining, the staff must be able to place their faith in the future. We must not shift stable employment prospects from one firm to another, which would be the case if there were a transfer of assets at a low price," warned Granier de Lilliac in conclusion.

9720

CSO: 3100/822

BRIEFS

PETROCHEMICAL CONTRACT WITH NIGERIA--The Lummus French Engineering Company (SFTL) recently signed a contract for the construction of several petrochemical plants with the Nigerian National Petroleum Corporation (NNPC). The company, a subsidiary of Combustion Engineering, will be working with another firm in the conglomerate, its British sister. The contract involves two platforms and the construction of a 300,000 ton/year steam cracker. A plant for cutting alkylation with a capacity of 113,000 tons/year will be built at Warri and will allow the production of high octane gas. A 25,000 ton/year carbon black plant will also be built using basic products from the local refinery. In Kaduna, alkylbenzene and detergent facilities using kerosene and benzene have been planned while waiting for the implementation of the second stage, which calls for a high and low density ethylene-polyethylene plant. Bids for this project will be requested before the end of the year. This contract is important for two reasons. First, because it is the first time a French engineering company has obtained a contract in Nigeria and second, because Lagos has decided to forge ahead in petrochemistry despite the financial difficulties the country is undergoing. A French bank consortium has backed Lummus with 467.5 million francs in credits over a period of 10 years with an interest rate of only 7.5 percent. [Text] [Paris LES ECHOS in French 6 July 82 p 4] 9720

TECHNIP CONTRACT IN YUGOSLAVIA--The Yugoslavian company Polikem has just entrusted Technip with the construction of a "mass" PVC [polyvinyl chloride] factory. With an annual capacity of 36,000 tons, it will be located in Zadar (Croatia) and will operate on the basis of Chloe Chemistry's "mass" process which has the unique attribute of carrying out the polymerization of the monovinyl chloride in vertical autoclaves and allows all the PVC applications. Technip is responsible for the engineering, purchases and supervision of the assembly. Start-up should occur within 30 months. This contract will be handled in Technip's Lyon facility. Technip is currently constructing the Kikinda methanol complex in Yugoslavia, with a capacity of 200,000 tons/year and is expanding the Bosanski Brod refinery. [Text] [Paris LES ECHOS in French 8 Jul 82 p 8] 9720

USINOR, SACILOR SPLIT SNM--One for you, one for me. And every man for himself. Usinor and Sacilor are dividing up two joint subsidiaries they held 50-50. The Normandy Metallurgical Company (SNM) will go to Sacilor and the French Company for Metal Enterprises (CFEM) will go to Usinor. The SNM, which

belonged to the Empain-Schneider firm, was put under the temporary management of a joint company of Usinor and Sacilor on 1 January 1982. It is now joining Sacilor as planned (LES ECHOS 17 June). It is hoped that there will be a synergistic effect between the two firms which specialize in long products (SNM accounts for 20 percent of French machine wire). But this company, which has undergone serious difficulties (its net loss was 332.6 million francs in 1981) needs funds to save its facilities and 5,600 employees. According to the factory's management, it would take 1 billion francs but the amount it would get from within the 8.5 billion in investments programmed for Sacilor could not exceed 500 million francs. The French Company for Metal Enterprises will not become a complete subsidiary of Usinor until 1 January 1983. Until then, Sacilor must still assume its financial obligations to CFEM, which recorded losses in 1980 and 1981. This firm specializes in ironwork and the construction of oil platforms. [Text] [Paris LES ECHOS 25 June 82 p 6] 9720

CSO: 3100/822

PAPER COMMENTS ON GOVERNMENT'S CRISIS PACKAGE

Reykjavik NEWS FROM ICELAND in English Sep 82 p 2

[Editorial]

[Text]

The Government's resort to drastic measures for keeping the wheels of the economy in motion — a sharp devaluation and assorted collateral policies — naturally loomed large in the public debate at the time of this writing. While the formula is no recent invention, its latest application was admittedly a response to a crisis of an unusual magnitude: bad shortfalls in fish landings, dropping export values, adverse market trends, mounting external indebtedness, and inflation that seemed headed for an unprecedented high.

In the past, the cited standard medicine for accumulating economic woes has frequently produced just temporary, symptomatic relief — not a lasting cure. But all Icelanders hope that the outcome this time will amount to more than delayed troubles, though what confronts the nation has aspects that are external and thus beyond the Government's control. As for the brighter side of the picture, full employment has been maintained so far — a blessing that comes only at a price in various forms.

The Government's precarious legislative majority makes for a clouded political outlook. To no one's surprise, opposition leaders are clamouring for a dissolution of Althing (parliament) and new national elections. Such pressure has been in evidence for a long time, but it took on a fresh dimension last spring — when the Independence Party, the main opposition element, scored big victories at the municipal polls. Neutral observers, however, find it hard to believe that cabinet seats look tempting in present circumstances.

CSO: 3120/94

ECONOMIST URGES LESS GOVERNMENT-DIRECTION OF BUSINESS

Reykjavik NEWS FROM ICELAND in English Sep 82 p 8

[Commentary by Thrainn Eggertsson]

[Text]

A programme for economic growth which is based on the intensive exploitation of a valuable natural resource does not require a particularly sophisticated or rational economic framework to succeed reasonably well. The history of the oil-producing nations shows that almost any political and economic framework will do. Iceland depends not on oil but on fisheries, and an institutional framework has been adopted which generally suits the fishing industry.

Government policy is highly selective with respect to other economic sectors. Agriculture enjoys a total trade protection, and prices to farmers are determined a public board to maintain their incomes at a level comparable to the average in other industries. Until recently, fiscal and credit policy discriminated against manufacturing firms that produced for exports or in competition with imports.

Other sectors, such as services, construction, transportation and commerce, are taxed heavily, in relative terms, and receive unfavourable treatment in government-controlled credit institutions. In fact, there is a tendency in some quarters to view industries that produce intangible services, instead of material goods, as a drain on the system.

New perspectives

It has become obvious in Iceland that future growth based on expanded exploitation of the fishing grounds will be limited. There is a strong need to develop new export-oriented growth industries, and to rationalize the use of the country's resources in all sectors.

Early this year, a committee chaired by Central Bank Governor Jóhannes Nordal presented its report. The committee was appointed by the Prime Minister to examine the relative effects of government policy on the fishing industry, agriculture, and internationally competing manufacturing. The conclusions of this important study are too extensive to be reproduced here, but below I report some of the findings mingled with personal comments.

Favourite industries

The special treatment of agriculture is a reflection of a regional policy of a long standing — an attempt to prevent further reduction in the number of farms and to protect agricultural incomes. However, the country's agricultural policy fails to minimize the conflict between these aims and efficiency. As the demand for traditional agricultural products is limited, farm-

ers should be given incentives to explore new areas such as greenhouse horticulture, fish farming, and raising of animals, such as mink, for furs.

The fisheries receive a very favourable tax treatment, and more extensive public financing than other sectors, and one might think that the policies towards this industry were designed to stimulate new investment. The authorities, however, have for a decade fought hard to limit the expansion of the trawler fleet, which most experts consider now to be twice the optimal size. With fishing capacity growing much faster than the catch, productivity in the fisheries has fallen. The policies in this area appear to be irrational and can only be explained in terms of power politics.

Manufacturing firms, which are exposed to foreign competition, are still treated less favourably by government policy than the fishing industry, but much progress has been made recently, and only relatively simple adjustments need to be made in order to bring the two industries on equal footing. The rather punitive policies towards other sectors, such as transportation and commerce, are shortsighted, economically irrational, and should be abandoned.

Taxation

The system of taxation in Iceland has shown a remarkable resistance to change. Plans to replace the current sales tax with a value-added tax have repeat-

edly come to nothing, and the authorities seem to be unable to introduce a pay-as-you-earn system for direct taxes, based on current-year income rather than on income from the preceding year. In general, the structure of taxes tends to reflect the government's need for revenue and a concern with income redistribution, but little heed has been paid to distorting effects on resource allocation. The tax treatment of imported computers and computer parts as luxury items is an example of preposterous mistakes in taxation. However, there has been progress on this front recently.

Prices

The authorities intervene in the operation of markets to the extent that, with some exaggeration, it can be said that the real-estate market is the only freely functioning market in the country. I have already referred to the determination of agricultural prices, which are set by a public board. The important raw-fish prices are also determined by an official body, and were, initially, expected to reflect market conditions, but are now increasingly adjusted to income targets for fishermen.

Domestic manufacturing is under strict price control, and mark-up margins in commerce are also regulated. The allowed margins vary widely, depending upon whether the product in question is in the basket of goods used to measure price changes, and also depending on bureau-

cratic whims. Controls are also pervasive in the capital market. In many cases, these controls are counterproductive and result in inefficiencies which will become more critical as the dependence on the fisheries decreases and the need to rely on a broader economic base grows.

Exchange rates

The authorities have for a while followed a policy of equilibrium exchange rates. Exchange rates, however, have primarily been determined by the very variable fortunes of the fisheries. At times this has had severely adverse effects on other export industries and on the import-competing ones. A wage inflation at home, for example, has not led immediately to devaluation if fish prices on foreign markets were rising rapidly, but the increasing wage costs, while manageable for the fisheries, have seriously damaged the competitive position of manufacturing.

The Price Equalization Fund of the Fisheries was established for the purpose of smoothing out price fluctuations in foreign markets. The study mentioned above found that the fund had not served its purpose well. It is obvious that reforms in this area are urgently needed in order to create a stable environment for industries which face foreign competition.

Thráinn Eggertsson is a professor of economics at the University of Iceland.

GOVERNMENT ANNOUNCES NEW ECONOMIC PACKAGE

Reykjavik NEWS FROM ICELAND in English Sep 82 pp 1-2

[Text]

After more than a week of caucusing within Iceland's three-element coalition Government, a set of drastic economic measures took a final shape at a late-evening meeting on Saturday August 21. As was a foregone conclusion, the belt-tightening move included a devaluation and sizable cuts in wage adjustments due on September 1 and December 1.

The króna was devalued by 13% in terms of the U.S. dollar, more or less what had generally been expected. The temporary-law package, subject to ratification by Althing (parliament) after the body reconvenes in the autumn, provides for many additional steps to shore up the national economy.

Among them are curbs on prices to farmers and fishermen, higher excise levies on imports during a six-month period, special wage adjustments benefiting workers in the lowest income brackets, fund transfers to the fisheries sector, and tightened markup limits in commerce.

A 21-point statement explaining the Government's basic economic goals, and specific tacks on that front, accompanied the announcement. Listed were four general objectives: a rollback of the foreign-trade deficit to a balance within two years, boosted productivity to maintain full employment, steps to protect

low-income earners from the brunt of the export recession, and "resistance to inflation."

According to Government sources, the prospect now is for inflation this year to the tune of some 60% — and for 45% or 50% in 1983, instead of the 75-80% figure that seemed likely in the absence of the stringent measures that were adopted last month. When Gunnar Thoroddsen's Cabinet took office in early 1980, the joint policy statement of the coalition backers gave top priority to a rollback of inflation to the general level among the country's chief trading partners.

The Progressives and the People's Alliance are the parliamentary mainstay of the peculiarly constituted Government. Until late last year, the Premier served as deputy chairman of the Independence Party, the strongest force in Icelandic politics for decades. But the coalition that he engineered is an anathema to most IP legislators, and to all the Social Democratic ones.

While dramatic IP victories in the municipal elections last spring loom large as background of the ongoing speculation over the Government's future, pundits' attention is now rivetted on the drawn-out Cabinet huddle that anteceded the new policies. The obvious implication is that pronounced differences of opinion had to be ironed out.

Commented Prime Minister Thoroddsen after the policy package was announced: "The Government's parliamentary majority is not in question, and there is no doubt in my mind that Althing will approve the economic measures in due course ... I urge public understanding of the goals, which are mainly designed to cope with the grave economic setbacks experienced in recent months..."

Apart from inflation, the troubles stem especially from the necessary interruption of the capelin effort (NFI, June) and the disquieting shortfall in cod landings this year (NFI, August). To make matters worse, the export outlook is clouded as regards certain fish products.

Predictably, opposition leaders took a dim view of the Government's plans. "This 13%

devaluation will suffice for just two or three months," said a Social Democratic legislator. "And then what?" Remarked Geir Hallgrímsson, chairman of the Independence Party: "The value of the dollar in króna terms has nearly quadrupled during the Cabinet's tenure. That is an Icelandic record in devaluation."

While the largely blue-collar Icelandic Federation of Labour protested "this latest of many inroads into cost-of-living adjustments," the leadership of that union group otherwise opted for a wait-and-see stance. The IFL signed a new umbrella contract recently (NFI, August), but it remained anyone's guess how negotiations involving the Federation of State and Municipal Employees might be affected by the Government's drastic policies.

CSO: 3120/94

BRIEFS

UNEMPLOYMENT EXPECTED TO INCREASE--An additional 30,000 unemployed at the end of this year. That is what the county labor directors expect who judged the situation before the winter for their respective counties in an inquiry conducted by TT. Minister of Labor Ingemar Eliasson (Liberal Party) told DAGENS NYHETER, "This shows that we were correct in last Tuesday's government resolution when we settled on a 30 percent increase in labor market costs." TT has spoken with the directors of all of the country's 24 labor authorities. Few of them believe there will be an improvement in a reasonable time--despite plans to advance relief work and an additional 240 million kronor in government support. "The 240 million kronor was an extra amount intended for unemployed youths. The additional increase is for all in the labor market," explained Ingemar Eliasson. County labor directors in Vasterbotten, Jamtland, Kopparberg and Kronoberg expect an increase of unemployment of 30-35 percent. "This agrees well with the forecasts we received from the county labor authorities last summer," said Eliasson. The majority of the county labor directors believe that the business upturn will be delayed until some time in 1983. "But when the upturn comes there can be a delay of many months before the businesses hire new personnel," said Sven-Olov Andersson, county labor director in Ostergotland. "Many firms have used up the resources which are first required when production increases." Many county labor directors confirm that the flow of job seekers to the labor offices before the fall has increased unusually early this year. [Excerpt] [Stockholm DAGENS NYHETER in Swedish 23 Aug 82 p 12] 9287

CSO: 3109/228

KEY AREAS IN TURK-IS, GOVERNMENT TALKS NOTED

Istanbul CUMHURIYET in Turkish 1 Jul 82 p 6

[Article by Sukran Ketenci]

[Text] Following an approximately 3-hour summit meeting between the government representatives and the high-ranking executives of Turk-Is [Turkish Confederation of Labor], it was decided that commissions be set up concerning the issues on the agenda in the next 15-20 days. Those experienced in politics and democratic struggles authorize commissions to deal with issues when they cannot come to an agreement on the latter and consider the display of this disagreement in the way of their best interests. They opt for this in order to buy time or explore new avenues or because a sudden announcement of the agreed on issue would be politically unsound and may trigger reactions.

In the government-Turk-Is talks, there were seven important or four major points. One of the major issues comprised the necessarily joined issues of an urgent meeting of the Minimum Wage Commission and the future of seniority compensations. In the report presented by Turk-Is, a request for an immediate meeting of the Minimum Wage Commission and the necessity of not implementing new cuts in seniority compensation were expressed. While the government front "okayed" an immediate meeting of the Minimum Wage Commission, the good news that the commission to redefine the minimum wages would be able to meet shortly was announced.

However, the price of this concession made for the sake of canceling the connection between seniority compensation and minimum wage was not made clear insofar as it affected the former. The widespread belief is that the fund bill and seniority compensation would be transformed into an employee bonus and that the Turk-Is proposal to let "price indices regulate the ceiling" would be left in the air. If this is the result achieved, neither the workers nor Turk-Is stand to gain from it; furthermore, another big loss for seniority compensation is recorded. The necessity of urgent renewed talks on minimum wage, which is the cost of living, cannot be disputed. Minimum wage is of great importance not only in respect to workers employed at plants where collective bargaining grants them this wage, but also in respect to its reflection on plants that cannot be unionized and even workers who have no bargaining rights. This consideration, however, will not carry much weight from the viewpoint of the Turk-Is base organized particularly in the KITS [Public Economic Enterprises]

on the grounds that no workers were hired in the last 2 years. The conversion of seniority compensation into employee retirement pensions would mean that the seniority compensation ceiling, which is 75,000 currently would be lowered to the 35 thousands. And this would really generate significant reaction in the Turk-Is base. Turk-Is placed the efforts and problems of the YHK [Supreme Juridical Council] on the agenda in a detailed fashion. The Turk-Is report proposed, upon explanation of the application with its results and examples, collective bargaining rights for open trade unions until the point of conflict. However, in the meantime, what was to become of the bargainings on the YHK agenda which were to be finalized at a level below the YHK principle decisions?

Once more, the widespread belief was that these bargainings, which were shelved about 3 weeks ago in the face of a great reaction, would be finalized, with an approximately 5 percent rate increase far below the standard determined by YHK principles. The YHK finalizes contracts with numbers that lower the actual wages of workers, whether these numbers fall within the scope of their principles or below the latter. Furthermore, it validates them for 3 years. Almost all large-scale bargainings and, particularly all the KITs will be brought under wage control through the YHK channel by the end of 1984 at the latest. To grant trade unions the right to bargain after all the major bargainings are concluded, would only serve to lend Turk-Is propaganda power in organizing. It would effect no increase in the general level of workers' wages. What became of the Turk-Is pledge to pull out its members from the YHK, if the contracts of 200,000 workers remained below the principle set by the YHK? Will it suffice to extract a few concessions from the YHK in the way of snatching the DISK [Confederation of Revolutionary Worker Unions] base?

Commissions were also set up to deal with the problems of the workers abroad, plants closing down, and worker-civil servant segregation. As for the issue of the Constitution, it was decided that efforts be concentrated in the direction of the Consultative Assembly. Thus, the summit meeting terminated on a note to reconvene after the commissions' work is over.

12,019

CSO: 4654/385

CUSTOMS DUTIES UNDERGOING REVIEW

Istanbul CUMHURIYET in Turkish 3 Aug 82 p 6

[Text] Ankara (CUMHURIYET BUREAU)--"Revision" of customs regulations has begun on the instructions of Finance Minister Adnan Baser Kafaoglu. The work, being done by the Finance Ministry, involves a review of "exemption certificates" for imports issued after 24 January. Raising "specific duties" imposed on import tonnage in the customs regulations is also under consideration.

This is obviously the first of the "interim models" envisaged by Finance Minister Adnan Baser Kafaoglu in his economic support package. The customs regulations are being reviewed by the Finance Ministry on the rationale that "the effectiveness of customs duties within the Turkish tax system has diminished." The Finance Ministry devised the "interim model" for customs regulations when imports exempt from customs duties rapidly grew to quadruple taxed imports and import duty revenues declined despite the rise in imports.

Establishing a "balance" between Turkey's customs duty rates and those of the countries with which it does business was adopted as the primary principle in the review of customs regulations launched by the Finance Ministry. Stressing that the type of duty such as wharf and stamp fees which are imposed without regard to the amount of goods has no significant role in total customs revenues, authorities said that in shaping the "interim model" they would take the route of raising "specific" duties imposed on the total number of tons of import goods.

Noting that nations set their customs obligations in accordance with the GATT principle of reciprocity, authorities pointed out that Turkey had lowered its own customs barriers without getting customs reduction concessions from the nations with which it trades. Finance Ministry officials also explained that the EEC had "raised rather than razed customs barriers" against Turkish textiles, continuing:

"If the EEC forces us to reduce customs, we must get concessions in return, and we have to raise customs duties in order to correct the balance of payments. Raising customs duties is important from the standpoint of protecting industry also, not just from the standpoint of raising revenues.

Industrialists get used to protection, but raising customs a notch is necessary also."

The following principles have been identified in the "revision" of customs duties begun on the instructions of Finance Minister Adnan Baser Kafaoglu:

--"Exemption certificates" issued after 24 January to liberalize foreign trade will be reviewed. Certain items eligible for these certificates which are produced domestically will be removed from the exemption lists.

--"Excessive" export subsidies will be discontinued.

--Customs duty and sales tax rates will be raised. The rate of increase, however, will not exceed 50 percent of the rate now in effect. Customs rates on investment goods will be reduced to lower investment costs, but customs rates on luxury consumer items and certain intermediate goods will go up.

--Customs duties on certain selected items which have been lifted will be reviewed.

After completion of the Finance Ministry's review of customs regulations, it will be taken up as a package by the Supreme Oversight Council.

8349

CSO: 4654/415

ULAGAY CONTRASTS OZAL, KAFAOGLU APPROACH

Istanbul CUMHURİYET in Turkish 2 Aug 82 p 6

[Article by Osman Ulagay: "Ozal's Ease is Kafaoglu's Difficulty"]

[Text] Ozal's ease, according to Kafaoglu, begins with writing his name. But, of course, it doesn't end there. The fact that the economic policy he has been trying to implement since 24 January and especially since 12 September is based on the rather simple principles to be found in practically any economics textbook also makes things easier for Ozal.

So thanks to this simplicity and facility, it was not very hard for Ozal to explain what he was trying to do, to come close to certain of the goals of his program and brag about it. Until some of the problems he considered complicated began to grow and send out shoots, crowding out this image of success, Ozal benefitted from the premium of simplicity. In this climate, the number of those who believed that the market mechanism would work on its own to solve every problem in the economy grew too. For example, it was thought that the firms all sinking in a row in accordance with the "sink or swim" philosophy would sink or change hands quietly, that the crisis in the construction, durable consumer goods and automotive sectors would be a breeze for the strong holding companies, that opening the glutted domestic market to the outside would happen automatically and that increased deposits would reduce interest rates. What lay beyond all this, it was argued, was that the structure of the Turkish economy would be changed by these simple and general policies.

Kafaoglu was one of those who watched this scene, seeing the inexorable outcome, and, at any rate as an advisor to the head of state, says he has been preparing the "detailed program" for the economy for a year now. According to Kafaoglu, it was not sufficient to let certain simple principles in the economic policy rest on their laurels, but was necessary to turn to "detailed" programs "and fine-tune the economy "like working delicate lace."

If those who say they know what a strain on the eyes, how complicated and exhausting a job lace-making is but do it anyway are telling the truth, one must admit that Kafaoglu has a hard job. And the fact that he has taken over an economy with an accumulated mass of problems and comes to the task

at a time when it is hard to close one's ears to society's reactions would seem to increase Kafaoglu's difficulties.

To understand how Kafaoglu is making the lace, it is necessary to look at what he has been saying and his criticisms of the simplicity of the Ozal method. Here is what Mr Kafaoglu has said:

--Believing that the effort to utilize the elements of interest, money supply, foreign exchange rate and price to bring domestic and foreign prices and costs into balance will correct structural defects over time can do nothing but let the problems accumulate. With this as a point of departure, we are preparing detailed, specific programs for various sectors.

--We will never abandon the idea that in our country where income distribution is not at the desired level, there are economic and social limits to restricting domestic demand through monetary policy alone and it is necessary to abide by these limits.

--It is clear that the implementation of flexible exchange rate and export incentive policies alone is inadequate to allow the state economic enterprises and the private sector whose structures were built to conform to the domestic market to become competitive. Turkish industry has no chance of survival in this framework. This is why we need an operation to correct and improve the industrial structure of our country. These operations will be undertaken quickly at the right time and place.

--Our growing exports stem generally from the scattered efforts of individual firms. For this reason, the state's role in researching and correcting this will be broadly stressed and the necessary organizations will be formed immediately.

--Credit demand is not easily reduced in less developed nations and it is wrong to think that supply and demand in the interest problem will balance out somewhere. We are considering reform of the banking system. This kind of banking system cannot survive. We will give the banks a specific function within the reorganization and support the banks in a position to perform this function.

It is clear, we think, that all these comments by Mr Kafaoglu show a very different approach from Mr Ozal's. As opposed to Ozal's tendency to be content with intervention at the macro level and let the market mechanism take care of what happens next, Kafaoglu's approach comes under the categories of "guidance-oversight-correction" from the top in almost all basic areas.

Kafaoglu's approach comes immediately to mind at first glance for a country like Turkey where the market concept and orderly markets have not yet taken shape and whose ultimate goal is democracy. As opposed to Ozal's overly optimistic and simplistic attitude on changing the structure, in particular, Kafaoglu's approach with its planning and programming seems more realistic. However, it is not that no great danger awaits Kafaoglu. Considering how our bureaucracy loves to meddle and especially to meddle in fine details, it is necessary to prevent the "guidance-oversight-correction" mechanism which Kafaoglu has drafted from eventually becoming simply an "intervention-prevention-termination" mechanism. Otherwise, one would more than likely end up knitting socks while talking of working fine lace.

POST-OZAL SURVEY OF PROBLEMS, EXPECTATIONS MADE

Istanbul CUMHURIYET in Turkish 20-21 Jul 82

[Article by Osman Ulagay]

[20 Jul 82 p 6]

[Text] Evaluating the state of the economy at the point where [former Deputy Prime Minister] Turgut Ozal has resigned is, we believe, very important from a standpoint of making assessments for the future. Those who will be directing the economy in the future must evaluate from the outset the legacy they are taking over.

What is the state of the Turkish economy on the second anniversary of the introduction of "July banking"? How have the problems evolved and what new problems does the future bear for the economy? Let us try to list the latest main developments in the economy in their main outlines:

--The shelved problems in the bank-broker sector surfaced two months earlier than expected with the Kastelli incident which reached--or was brought to--an explosive stage. When, at that stage, the collapse of certain banks could not be watched with indifference, the strings of the tight money policy were suddenly let loose.

--The crisis in the bank-broker sector was actually a reflection of the financing crunch in the industrial sector. Indeed, following the Kastelli incident, several factories in the textile sector halted their operations or shut down for good. Nor was the situation too bright in the construction sector. Consequently, the rescue effort was enlarged to include numerous large institutions in addition to banks.

--The issue of the payment of the bonds sold by Kastelli confirmed the financing crunch in the industrial sector and showed that some large holdings were in such big trouble that they had to think about every penny and had to ask for government assistance.

--While several polls showed that insufficient demand and financing problems severely restricted capacity utilization in the large and small industries of Istanbul, an increasing number of people in the Istanbul Chamber of Industry began talking about industrialists who were committing suicide and the big disaster that would result if urgent measures were not taken within two or three months.

--It was noteworthy that tougher conditions for extending loans to industrialists --in view of liquidity problems confronted by banks as a result of the latest developments--sharpened the differences between industrialists who do not own banks and holdings who own banks and the banks themselves in general.

--A sharper competition was observed among the large holdings for a shrinking domestic market. Large holdings which relied on the domestic market and which suffered from Ozal's policies began to exert pressure for changes in the economic policy. Demands were made for limits on interest rates, the establishment of an assistance fund for companies and profit guarantees.

--In the face of all these demands for assistance, questions were raised on whether the government will be forced to print money and whether it will be able to balance the budget.

--The Central Bank's move to freeze low-interest loans to exporters in order to support domestic banks raised doubts about the future of exports. Here, it was interesting that drops were recorded in exports to Libya.

--The consumer price index for June recorded a stagnation in the upward climb of prices, and, according to some indicators, there was even a slight decline in prices. This raised hopes that the official inflation figure for 1982 could be held at 30 percent if not at 25 percent.

At this critical juncture for the economy midway through 1982, it is evident that the payment of the cost of neglecting the domestic market for the sake of reducing inflation and spurring exports can no longer be put off. It was unlikely that those who are taking over the controls of the economy could avoid confronting this tough dilemma. At a time when the rescue of some sectors on the verge of collapse has gained urgency, it is necessary to take steps which will revitalize the domestic market. However, it is not too unlikely that, with these steps, the inflation monster, which could only be caged with Ozal's measures, will be set free again. This dilemma is, apparently, the essence of the legacy left behind by Ozal.

[21 Jul 82 p 6]

[Text] The Kafaoglu team has inherited from Ozal an economy which is plagued with problems and which may have even more problems in the future. What course will this team take? Will it reverse the policies implemented so far at the risk of nullifying the progress made in some sectors of the economy at a heavy cost to most social groups of the society? Will it relax Ozal's regimental policies as some sectors are expecting? Or will it implement the same package in a different form--namely, instead of keeping the pressure "on" all the time, use an "on-again and off-again" approach?

Here, the following questions come to mind: Can the priorities of the Ozal program be changed without violating its "spirit"? Can the "negative" aspects of this program be rectified without undoing its "positive" aspects? For example, what happens if priorities are changed from Ozal's "fight against inflation" to the revitalization of investments with an eye to "reducing unemployment"? How

will inflation and exports be affected if the free interest rate and variable currency rate policies are abandoned? If priority is given to increasing industrial output, will the demand for raw materials cause a surge in imports and a shortage in energy?

These and other similar questions must be asked before a decision is made on a new course. However, the most fundamental question that needs to be asked is: How would the economy be affected if only the priorities of the Ozal program are changed with the aim of bringing about a meaningful structural change without overshadowing the predominance of the monopolies which also control the banks, or if an attempt is made to go back along the path which Ozal traversed in the past two years? Will it be impossible to preserve the desirable components of the Ozal program? Will the two years have been wasted in vain?

Let us enumerate the expectations of various sectors from the new economic team and let us try to dwell upon the possible consequences of policies which will meet those expectations. The major expectations are: 1) The relaxation of limits on wage and salary increases; 2) Larger increases in agricultural floor prices; 3) Limits on interest rates and measures to lower them gradually; 4) The relaxation of the money-credit policies to a certain extent; 5) The rescue of companies facing hardships with the assistance of the government; 6) A more moderate approach to currency exchange policies; 7) The reintroduction of currency exchange rate guarantees with respect to investment debts; and 8) The extension of incentive programs currently applied only to export industries to those relying on the domestic market.

Now let us try to see what happens to inflation and exports, which are considered to be areas where Ozal has succeeded, if it is decided to fulfill all these expectations--which are all aimed at revitalizing the domestic market and which need large amounts of resources--without taking selective measures just like Ozal has done.

--Since Ozal's program has not been able to eliminate the main causes of inflation, such as monopolist markets, sticky prices and high-cost structures, inflation still appears to be a monster ready to ravage the economy. That being the case, the following four actions that can be taken in order to meet the expectations listed above can cause a surge in inflation: 1) Relaxation in tight money controls; 2) Budgetary deficits; 3) Lower interest rates; and 4) Wage and floor price increases which may spur domestic demand.

--The situation involving exports is not too different. The following developments can have an adverse effect on exports which have been forced to rise within the framework of a very delicate balance: 1) Abandoning or modifying the variable exchange rate policy; 2) Reducing the incentives for exports; 3) Reducing export loans and imposing stiffer terms for obtaining them; and 4) The possibility that, with the revival of the domestic market, some firms which were forced to export may return to the more profitable domestic market.

As the two paragraphs above show, the new economic team will not have an easy time with respect to inflation and exports. In order to achieve positive results without nullifying those that are considered positive, it is necessary to take a variety of factors into consideration in making decisions and to include measures that are related to the structure of the economy in everyday policies. Otherwise the nullification of positive results obtained so far will remain a real danger.

SEVIG LOOKS TO ECONOMIC FUTURE, PARTICULARLY AGRICULTURE

Istanbul DUNYA in Turkish 26 Apr 82 p 4

[Article by Vecdi Sevig]

[Text] While the number of variables that affect developments and decisions increases, the duration of plans applied in the economic field becomes shorter. In addition, the chances of success for long-term plans that are not harmonious with short-term developments are also growing slim. It is for these reasons that variables that can be widely influential in practice push into crises some economies that find it difficult to keep in step with unexpected developments. However, it is also very wrong to overly exaggerate this important characteristic of our rapidly changing age. Being satisfied with the economy of today without looking towards tomorrow can create a problem as far as depriving the economy of the elasticity to ensure accord with, at the least, sudden changes.

Turkey is at the point of being confronted with such a possibility at any moment. The 24 January decisions were defined as measures whose basic goal was to curb inflation and as a short-term solution to the foreign-exchange problem. It is an undeniable fact that there are indications that these goals are being approached. Critics of the 24 January decisions center upon the additional costs of attaining these goals. They speak, in particular, about the inequities in the distribution of income, the slowing down of investments, and growing unemployment. Indicators that are used as a focal point for criticism are the "negative factors" that were among those tacitly approved in the beginning with the 24 January decisions. For this reason, the criticism is not even accepted as criticism worthy of a response by those who implemented the 24 January decisions, and, most of the time, it is characterized as a "problem of the past" or "a problem to be solved in the future," thereby attempting to remove the issue from sight. It can be said that this approach, in itself, is viable. In fact, every economic policy implies a choice of specific alternatives. The choice of the 24 January decisions becomes successful at two conjunctural indices, and the decisions serve to ensure this. There is a problem that cannot find an environment of open debate among the defenders of the 24 January decisions or those who seek alternatives to them and which was put on the agenda through State Chairman Kenan Evren's "wish to seed the land that has been left fallow" expressed in his Balikesir speech. This is the provision of the necessary tools for agriculture to feed Turkey

adequately, increasing productivity in this way so that Turkey becomes a nation that will truly "be able to be fed."

We have always bragged and boasted that Turkey is one of the limited number of countries in the world that does not import agricultural products, but it has never been debated whether there is the possibility for Turkey to provide food in a truly balanced and adequate manner or whether it is "surviving on cereals." Is it possible for Turkey, whose per capita consumption of meat, cooking oil, milk, cheese, and eggs is far below the world average, to make a meaningful show of braggadocio, saying it does not import foodstuffs?

Our nation, which does not discuss this question, is now debating another problem at length as part of the agenda at specialized scientific meetings and, in a limited fashion, at bureaucratic meetings. This problem is the negative effect of the economic policy being pursued on the model of feeding itself, which is already difficult for Turkey to defend today.

For almost 2 years, Turkey has experienced two very important, significant agricultural phenomena. The first of these is a gradual reduction of farmland, an increase in land left fallow together with a fall in the use of fertilizer. The reduction in fertilizer usage has a negative effect on productivity per unit of land. However, because there are no statistics that reflect reality here, it is not possible to cite figures to prove this. All observations in the rural area, which was the source of State Chairman Evren's Balikesir speech, corroborate this conviction.

The other phenomenon is related to animal protein. According to official figures, Turkey's animal wealth is increasing with every passing day. However, while Turkey's animal wealth in terms of numbers of head increases, no periodic assessments in terms of weight are made, and this prevents true figures from being determined. For the past year and a half, feed lots in Turkey have been closing down one after another, and this causes animals to be sent to slaughter houses before reaching optimum weight. Nothing is being done to prevent this from happening, which, in the true sense, is a reduction in animal wealth.

The failure of the Ministry of Agriculture and Forestry to demonstrate, in time and sufficiently, the sensitivity it shows in seed production towards fertilizer utilization and animals used for food is not a problem for today and tomorrow alone, but for hundreds of years to come. The present generation, unable to feed its children by contemporary standards, cannot expect its grandchildren to be more creative than it is. Those who have found a solution to inflation bear the responsibility of thinking today of the conditions that will provide a brain structure that will be able to comprehend the contemporary dimensions that future generations will experience.

11673
CSO: 4654/313

SEVIG EYES TAX AUDIT SYSTEM SHORTFALLS

Istanbul DUNYA in Turkish 1 May 82 p 2

[Article by Veysi Sevig]

[Text] The topic of tax losses and tax evasion has been debated by the public in our country for years. However, despite all the discussions that have been held and all the measures related to the subject taken by officials, a healthy solution has still not been able to be reached.

In fact, the measures necessary to prevent the loss of taxes and tax evasion can never be one-dimensional. This is because, first of all, it is imperative to develop a conscientiousness about the payment of taxes in order to have a sound tax system. The establishment of this perception is a separate topic of struggle and endeavor. In order to create this consciousness, taxation education must be multisided and continuous, always enlightening taxpayers, developing positive relations between the tax office and taxpayers, and, beginning in the schools, informing the people through mass communications.

The topic most dwelt upon in Turkey for the prevention of tax losses is audits. In debates that are held, it is claimed that audits have always been inadequate and that, for this reason, tax losses and evasion are gradually increasing. At this time, the idea is being propounded that it is necessary to develop new staffs continuously for the purpose of solving this problem.

It is true that tax audits in our country are inadequate. Everyone knows about the paucity of personnel working on tax audits today. Because it is not possible to inspect a large number of taxpayers' accounts with a small number of control employees, the ratio of audits to taxpayers is gradually falling. Despite this and despite the lack of personnel, however, tax audits, using various supplementary measures, can be increased and can be made more effective. This topic must be considered.

Today, tax control personnel working within the Ministry of Finance are deprived of every sort of resource and of morale. Before everything else, tax auditing is a complex and difficult job. It is a job that requires hard work, patience, and research in order to examine and reach a conclusion about every aspect of the various accounting operations a taxpayer has conducted in a year. In western nations, tax auditors have an advantage thanks to their

communications and transportation systems and to their equipment. During an audit in most cases, the auditor must size up and evaluate a situation instantly.

In our nation, tax control personnel are part of a labor system deprived of every sort of tool and equipment, and they work in antiquated finance buildings. In some cities, even telephone conversations are difficult for auditors to hold because of the scarcity of phones. The lack of equipment makes it impossible, in general, to take action.

Under the tax principles law, it is imperative that tax audits be conducted at the place of business. Today, in large cities in particular, businesses are scattered and are located outside residential areas. At the least, it is necessary to solve the transportation problem so that auditors are able to go to the businesses to make inspections. Today, they are, in practice, forced to upset their own finances in order to travel to a business outside the city to make an audit, and they are forced to spend thousands of liras on transportation. In the end, auditors are not even paid travel expenses, because they are termed intercity transportation expenses.

On another hand, it takes at least 5 years to train an auditor, to become an experienced auditor. Today, because of extremely limited financial resources provided tax auditors, all of whom have a higher education, employees with 5 years' experience leave since they can easily find work in the private sector for much higher wages.

Inexperienced personnel must be trained in order to be able to achieve the desired results. Yet, it has become exceedingly difficult to encounter persons in the tax audit office who have put in a number of years. Every sort of resource must be used to retain at these posts these people, whose numbers are gradually becoming smaller. If this is not done, it will become difficult to find experienced personnel to train new auditors in the future.

In fact, the audits that are necessary to prevent tax evasion constitute only one of the methods that must be applied. For this reason, if tax evasion is to be prevented by means of audits, it will become imperative to assign an auditor to every taxpayer. The task of auditing is different from other controls used in taxation. We will discuss this subject in a forthcoming article.

11673

CSO: 4654/310

KUSCULU LETTER GIVEN AS SAMPLE OF EMPLOYER MENTALITY

Istanbul MILLIYET in Turkish 2 May 82 p 4

[Article by Halil Tunc containing text of letter written by Istanbul Chamber of Trade Administrative Council Chairman Nuh Kusculu]

[Text] Istanbul Chamber of Trade Administrative Council Chairman Nuh Kusculu responded by letter to two of the articles published in this column. I am relaying this letter as it demonstrates an approach and sensibility toward the 24 January 1980 decisions and to criticisms of these decisions typical of employers' circles. I pass on the letter believing that the reader is the most impartial and just judge.

Kusculu's letter reads as follows:

I read with interest your articles, "The 24 January Decisions and Workers" and "Premiums for Exporters, Praise for Workers," published under your column, "With Sweat and Toil."

However, this time I deemed it necessary to explain briefly and in my own manner to you and, if you find it appropriate, to readers of your column my views regarding the contents of those articles. This is because, in these articles, you attack the 24 January 1980 decisions, holding them responsible for various economic problems that have not yet been solved completely and categorically and, at the same time, indict the private sector, which I represent, unfairly and unnecessarily, using the 24 January 1980 decisions as a pretext.

It is, however, imperative to underline and stress that, when evaluating the situation of the Turkish economy at the beginning of 1982, the economic, social, and political conditions of Turkey prior to the 24 January 1980 decisions must not be forgotten, and the reasons why these decisions were made, why and with what determination they have been implemented for 2 years must not be dismissed from one's mind.

As is known, Turkey, after undergoing severe, destructive crises for several years, entered 1980 with the gravest problems of its economic history. These

problems included an inflation rate of hundreds of percentage points; a fall in industrial capacity utilization to 47 percent; a failure to show any increase whatsoever in gross national product for the first time since development plans were put into effect; an increase in domestic and foreign indebtedness and in interest payments; an increase in illegal strikes and demonstrations, which had the quality of riots; a fall in production and exportation; a growth in the balance-of-payments deficit; a halt in importation and, in the end, an absence of goods on the market; and the dominance of black marketeering, application of two sets of prices, and speculation.

It was with these 24 January 1980 decisions that the government of that day took a brave and educated approach to the problems that had accumulated over the years and had been pushed aside and that had become a threat, not only to the economic and social life of Turkey, but to its integrity and security as well. In fact, following implementation of the 24 January 1980 decisions, the inflation rate fell from hundreds of percentage points to 35 percent; exportation rose from a low of \$2.2 billion to \$4.6 billion; foreign exchange brought into the country by workers increased from \$1.6 billion to \$2.4 billion; the gross national product, which had a growth rate of -0.5 percent in 1979 and -0.7 percent in 1980, climbed by 4.4 percent in 1981; bank savings' volume rose from 443.4 billion liras to 1,161.5 billion liras; and, finally, scarcity, the black market and dual prices were eliminated.

As can be seen, the 24 January decisions truly played a large role in both solving problems in Turkey that were extremely varied and of huge dimensions and in earning respect for Turkey once again in the world. It is for these reasons that, despite various imperfections that could be discussed and despite various alternatives that could be set forth on a broad scale, in particular, we believe that it would be unjust to say that the 24 January 1980 decisions are a natural result of the "laissez-faire" philosophy and that every passing day is a search for bygone days.

The desire of the private sector to adopt the 24 January decisions as a principle comes from their being the most positive and productive economic decisions in the life of the republic. In essence, it is the private sector itself, which supports these decisions, that suffers the most from application of a "tight money and credit policy," the most important series of measures constituting the 24 January decisions. Because it holds Turkey's interests and the integrity of the nation above everything else and because it does not want Turkey to live the days prior to 12 September 1980 once again, the private sector insists upon installing the 24 January 1980 decisions as an axiom in Turkey's economic life and, despite all sacrifices, pursues this policy.

Looking at problems at the most basic level and at the operating level, we are faced with the undeniable fact that the trade and industrial sector is experiencing grave difficulties. A fall in domestic demand has caused a fall in employment and bank transfers. The tight-money and floating interest-rate policies have placed operations in a difficult position from the standpoint of finances. An increase in bankruptcies, insolvencies, and defaults and the closure of marginal operations are an indication that the business world is not experiencing a comfortable working environment.

When I state that we wish to get together with you, whom we know as an individual who has sincerely defended the real and long-term interests of the working class for years, to discuss our problems in a manner that will take advantage of the experiences of the past and present and to set down solutions that will benefit the nation, I do so with the deepest respect.

11673

CSO: 4654/310

USE OF ISTANBUL INDUSTRIAL CAPACITY RISES SHARPLY

Istanbul CUMHURİYET in Turkish 22 Apr 82 p 6

[Text] Use of Istanbul industrial capacity rose from 51.1 percent in 1980 to 62.2 percent in 1981 according to results of a questionnaire answered by 302 companies belonging to the Istanbul Chamber of Industry. During the first 6 months of 1981, capacity utilization was 60.1 percent, and it climbed to 63.7 percent in the last half of the year.

This appreciable increase observed in capacity usage in Istanbul industry, which is the heart of the private industrial sector in Turkey, is an indication of an increase in productivity. At the same time, the fact that insufficient demand and financing difficulties, which are among the factors that limit capacity utilization, have gained a great deal of emphasis attracts attention.

The major results of the study on capacity use conducted by the Istanbul Chamber of Industry have been summarized as follows:

Capacity utilization: Capacity use, which was 55.8 percent in 1978, 45.3 percent in 1979, and 51.1 percent in 1980, rose to 62.2 percent in 1981. Among the sectors whose percentage of capacity use rose over the preceding year is the forestry products industry, which achieved a capacity-use increase of 100 percent. It is followed by mining with a 76-percent increase and the paper and paper products industry with a 55-percent increase. The only sector whose capacity utilization percentage fell is the automotive industry.

Production: Of the 258 firms that answered questions dealing with production, 183 or 72 percent achieved increases in productivity while 75 companies reported a decrease in production. What attracts attention here are increases in productivity by 41 of 47 firms in the fabric, clothing, and leather goods industry; 56 of 87 firms in the mining goods industry; and 15 of 17 firms in the automotive industry, in particular.

Employment: Of the firms responding to the questionnaire, 204 noted an increase in the number of personnel employed and 96, a decrease. Despite this, the total number of workers employed in the 302 companies fell by 1.41 percent to 96,246. The increase in percentage of total capacity usage at the same

time there was a decrease in the total number of workers shows an increase in 1981 of productivity per worker.

Inventories: There were 183 firms that answered questions related to inventories. Of these, 117 firms or 64 percent reported an increase in inventories while 66 firms reported a decrease. It is seen that inventories of companies in the fabric, clothing and leather goods industry and in the chemical, tire, plastics, mining goods, and automotive sectors grew in particular.

Percentage of credit usage: One of the most interesting and meaningful findings is a rise to 70 percent in 1981 in the credit to private resources ratio, which was 50 percent in 1980. An increase in credit usage at a time when credit is gradually becoming more expensive is a significant indication of the financing problems within industry. The fact that the fixed capital of the firms responding to the questionnaire increased by 63 percent within a year, rising to 127 billion liras, attracts attention.

When looking at the reasons for the limits on capacity use in Istanbul industry, we see that the lack of demand heads the list by a large margin. The lack of demand is followed by financing difficulties, and the lack of raw materials is only third. In past years, the chief factor affecting capacity use was the lack of liquid fuel. In 1981, this lost its importance and is included under the heading, "Other factors." In 1981, the lack of demand and financing difficulties alone have a weight of 51 percent among the factors restricting capacity use.

**Reasons for Restrictions on Capacity Utilization in Istanbul Industry
(in percent)**

	1980	1981
Lack of raw materials	20.10	18.30
Lack of demand	20.70	29.45
Financing difficulties	18.80	22.00
Lack of electricity	17.30	15.27
Liquid fuel	10.40	*
Other factors	12.70	14.98

*In the 1981 questionnaire, this comes under the heading, "Other factors."

11673

CSO: 4654/313

PENDIK SHIPYARD GOES OPERATIONAL

Istanbul CUMHURİYET in Turkish 2 Jul 82 pp 1, 13

[Text] Prime Minister Bulend Ulusu opened part of the Turkish Maritime Bank Pendik Shipyard and Industrial Plants yesterday and broke ground for the ship engine factory which is a part of the larger plant. In the talk he made at the ceremony, Prime Minister Ulusu said, "Our government's fundamental policy concerning maritime affairs contends that the Turkish shipbuilding industry, the Turkish commercial fleet and maritime commerce be developed jointly and with regard to mutual support among them." Ulusu further stressed that a special operational model should be developed for the Pendik shipyard.

In the talk he made at the DB [Turkish Maritime Bank] Pendik Shipyard and Industrial Plants, which opened in celebration of the Maritime Day on 1 July, Prime Minister Bulend Ulusu stated that incentives were given for the building of shipyards in both the public and the private sector, administrative support and financial terms were available, shipyard builders were backed by the "Gisat" fund and rediscount credit, and that the machinery and the equipment imported for the shipyards would be customs exempt. Indicating that the commercial fleet had reached almost 3 million DWTs as a result of the incentive measures, the prime minister said the following:

Objectives

"The objective is for our commercial fleet to reach 7.4 [deadweight tons] by 1983 and to achieve a balance between the foreign currency freight expenditure and income. Work is underway at the ports of Haydarpasa and Alsancak. In the major transport project, it is proposed that the seven main ports be converted into container ports and a new port constructed. The objective was defined as expanding maritime transportation, which comprised 15.9 percent of total transports in 1980, to 32.2 percent by 1993 and appropriations have been made for that purpose. In fact, maritime transportation investments, which made up 10 percent of transportation investments in 1982, have been raised to an average of 15 percent for the next 10 years. The decision was made that maritime transport, the most economical of all transportation systems, be provided with support and incentives of the highest degree.

Calling attention to the establishment of the Maritime Permanent Undersecretariat of the Office of the Prime Minister, Ulusu stated that the bill for coordination among ports was in its final stage and that the Maritime College,

which had been left unadministered, was now, under the direction of the Commander of the Naval Forces, offering a well-organized curriculum in keeping with present-day needs. Ulusu further stated:

A Labor Intensive Industrial Branch

"The shipbuilding industry is a labor intensive one that employs a considerable number of workers. In keeping with our industrialization strategy, we are resolved to continuously encourage developments in this area. I consider it necessary that a special operational model be developed for this plant. The shipyard should be able to receive orders not only from the country but also from abroad, and, if necessary, joint production and operation methods should be tried."

Speaking at the ceremony, Transportation Minister Mustafa Aysan stated that the Pendik Shipyard had received orders for 5 ships with a total DWT of 53,000 but that the annual capacity of the section put in operation was 75,000 DWT. "It is our belief that the opening of the other sections depends on the cash returns generated by the full capacity operation of the first section," he said.

Four Shipbuilding Contracts

Director General of the Turkish Maritime Bank Nejat Ozgece indicated that the shipyard could process 18,000 tons of steel in its present condition and build ships. He also noted that the cost of the plant amounted to 5.5 billion Turkish liras excluding the land expropriation price. Later in the ceremony, building contracts were signed for two tankers of 20,000 DWT for the DB Maritime Transport AS [Corporation] and two dried goods freight liners of 6,500 DWT for two private sector firms. After Prime Minister Ulusu congratulated those who had worked in the construction of the shipyard and awarded them plaques, the plant was opened to service with the cutting of the ribbon. In addition, ground was broken for the ship diesel engine factory during yesterday's ceremony.

Yesterday's ceremony, which marked the occasion of the partial opening of the Pendik Shipyard and Industrial Plants, was attended by Professor Emeritus Dr Sadi Irmak, chairman of the Consultative Assembly, Prime Minister Bulend Ulusu, Transportation Minister Mustafa Aysan, Governor of Istanbul Nevzat Ayaz, 1st Army and Istanbul Martial Law Commander General Haydar Saltik, Navy Commander Admiral Zahit Atakan, North Sea Regional Commander Vice Admiral Dogan Toktamis, the Mayor of Istanbul, Lieutenant General Ecmel Kutay and other military and civilian dignitaries.

12,019

CSO: 4654/384

BRIEFS

PAN-ESKIMO JOURNAL ESTABLISHED--Last week a new magazine with the name of INUIT left the press for the first time at Sydgrønlands Bogtrykkeri [South Greenland Press]. It is aimed at a very broad public of both Eskimos and non-Eskimos, and so presents articles in both Greenlandic and English. Later it will also be printed in other Eskimo dialects, according to the ICC [Inuit Circumpolar Conference] secretariat. It is being published with economic support from Eskimos in Alaska. The first number contains articles on such subjects as APP [the Arctic Pilot Project], Aasivik, Nunavut, and a conference on the biology of the whale held in Anchorage, Alaska. The authors are for the most part well-known names in arctic politics, as for example Hans-Pavia Rosing, North Slope Borough Mayor Eugene Brower, and Greenland's member of the European Parliament Finn Lynge. INUIT is published for the time being in 12,000 copies and will be distributed to people and institutions with an interest in developments in the arctic area. Subscriptions may be placed by writing ICC, Postbox 204, 3900 Nuuk. [Text] [Godthaab GRØNLANDPOSTEN in Danish 11 Aug 82 p 20] 8815

CSO: 3106/163

TURKISH UN FLURRY IN LIGHT OF GREEK-CYPRIOT MOVES

Istanbul CUMHURIYET in Turkish 5 Aug 82 p 12

[Text] Ankara (CUMHURIYET BUREAU)--The spotlight suddenly cast on the Greek Cypriot administration's efforts to return the problem to the international platform, in particular to the UN General Assembly, has spurred the Turkish side to action.

According to information obtained, when Greek Cypriot administration leader Spiros Kyprianou began taking concrete steps in this direction, the Turkish side began alerting a series of nations to these activities, which endanger the intercommunal talks, and explaining their views.

In these diplomatic initiatives, understood to have been directed to various national groupings, the Turkish side reportedly drew attention to the negative results which would ensue should the Greek Cypriot administration take the problem to the United Nations. The information obtained also indicated that these initiatives were being conducted by Ankara and the TFSC.

We also heard that the Turkish side is expressing in these warnings its concern that this Greek Cypriot stance, being irreconcilable with the intercommunal talks, would block the road to a peaceful solution of the Cyprus problem.

Kyprianou said in a statement on 20 July that they would take the problem to the United Nations, a statement which led to a reaction by TFSC President Rauf Denktas.

If the Greek Cypriots take the problem to the United Nations, it will be the first time in 3 years that the Cyprus problem has been taken up by the United Nations. In accordance with an agreement reached by the sides, the problem has not been put on the UN agenda since 1980 to prevent affecting the course of the intercommunal talks.

The change in Kyprianou's attitude is attributed to suggestions made by Greek Prime Minister Andreas Papandreou to Kyprianou within the framework of a policy to internationalize the problem. Papandreou's suggestions were fiercely debated within the Greek Cypriot administration. The pro-Moscow

AKEL Party, which keeps Kyprianou in power, described Panandreu's remarks as interference in their internal affairs and opposed the idea of going to the United Nations. Though Kyprianou was caught between AKEL's criticisms and Papandreu's suggestions, Papandreu won in the end.

If there is a question of the Cyprus problem's being brought to the United Nations, the attitude of the nonaligned nations which are influential in this forum comes to the foreground. A draft resolution on Cyprus was adopted at the coordination conference held in Havana at the end of May by representatives of the 36 member nations of the nonaligned group to prepare for the nonaligned summit. The resolution expressed concern over the lack of developments in the intercommunal talks. However, some of the national prominent in the nonaligned group abstained on the resolution.

8349

CSO: 4654/419

ARTICLE EXAMINES PROSPECTS OF SKDL MOVING TOWARD RIGHT

Stockholm 7 DAGAR in Swedish 13 Aug 82 pp 14-15

[Article by Erik Bagerstam: "New Autumn for Finland's Communists?"]

[Text] Finland is approaching an autumn which could contain a government crisis, but hardly a new election. Increasing unemployment is going to put pressure on the politicians, and the communist Minister of Labor Juoko Kajanoja has already promised 100,000 new jobs. The Communist Party must now follow through on its promise by internal settlements and in the presidential election.

Finland is doing well, perhaps better than ever in its history. In the short run, however, economic problems are expected. Finland imports raw materials from the East and exports manufactured products in accordance with a tradition from the mid-1800's. The trade is bilateral. The so-called clearing accounts owed to the Soviet Union now exceed three million marks. The Soviet Union can not buy everything that Finland wants to sell. This means stagnating trade with the East, and a feverish search for compensating mark shares in the West.

At the end of June 125,800 persons were unemployed, which is 5.3 percent. Almost 40 percent of the unemployed were under 25. Economic problems usually have political consequences. Will the government complete the trying budget work which is supposed to be finished by year's end? In that case will there be an early Parliament election? Probably the Riksdag election will be held at the normal time, spring of 1983, an election which, regardless of when it takes place, is going to bring changes: the Social Democrats and the Conservatives will increase, the small parties will fragment and the People's Democrats/Communists will decline.

In June the political pundits had hiccups from fright. The weekly SEURA (Finland's equivalent of ALLERS FAMILJEJOURNAL) gave the Social Democrats 34 percent in an opinion poll. The following day calm was restored: the daily UUSI SUOMI (Finland's equivalent of SVENSKA DAGBLADET) gave the Social Democrats 27.3 percent, which was a reasonable increase from the Finnish

Social Democrats' normal of approximately 25 percent. Equally normal was party secretary Erkki Liikanen's comment that the Social Democrats really have 30 percent.

Regardless of opinion polls, the Social Democrats today are Finland's strongest party, led by "King Maker" and Prime Minister Kalevi Sorsa. Still, the electorate is probably steadfastly bourgeois, and an election would not be seen as a wind from the Left.

Communists Split

Finland's Social Democratic Party is getting a Nordic profile, not only in the percent of voters, but also in terms of political weight. One cause is the split within the Finnish Communist Party (SKP).

Aarne Saarinen, a majority Communist, a kind of Finnish Eurocommunist, quit the chairmanship of SKP on 16 May. Taisto Sinisalo (minority Communist and commonly regarded as a Stalinist) did the same thing with the vice chairmanship. The conciliatory and in Nordic countries well-known Labor Minister Jouko Kajanoja became the new chairman. In the new politbureau of 10 members, 7 are from the majority. Also in the politbureau are Aarne Saarinen and Taisto Sinisalo. The general secretary Arvo Aalto remains at his post, and is a loyal follower of the majority.

The last speech of the departing chairman Aarne Saarinen contains among other things bitter criticism of the Communist Party of the Soviet Union for "improper interference" in the internal affairs of the Finnish Communist Party.

The question is now whether the new chairman Joukko Kajanoja will be able to get the men and women of the hard line to cooperate in the work of the politbureau and thereby prevent a growing fragmentation of the SKP.

More Independent Democratic League

Evidence of the internal fight within the Communist Party is an interesting development within the Finnish People's Democratic League (SKDL).

SKDL, a people's front organization for leftwing socialists, has been the election machine for the Communist Party ever since the war. The SKP does not in general bring in votes, that is done by the SKDL. SKDL was formed after the war by defecting Social Democrats (who were dissatisfied with the loyalty of the Social Democrats during the war), and by Communists. Comparisons can be made both with Leon Blum's French People's Front of the 30's and with the "united parties" which were created in the East after the war.

SKDL brought together different workers', women's and youth organizations. Twenty percent of SKDL members who belong to different organizations are also

members of SKP. In other words, four-fifths of the members of SKDL are not Communists. It is factually incorrect to claim that the Communists have between 15 and 20 percent of the voters. In fact the Communists now have their present strength in Parliament only because of their organizational hold over the SKDL.

The leftwing socialist profile of SKDL began to be formed in the middle of the 1960's when Ele Alenius succeeded Hertta Kuusinen, Otto Ville Kuusinen's daughter as general secretary. Ele Alenius was not a Communist. Today he is a sort of socialist elder statesman and spokesman for the socialist delegation within the SKDL.

In March one of Ele Alenius' young novices, Ilkka-Christian Bjorklund, launched a remarkable strategy for leftwing socialists.

"If the Social Democrats are sliding toward the right, and the Communists toward the left, then an ideal vacuum is being created where a synthesis of socialism and democracy is desired," he wrote.

The question is whether that vacuum exists. The radical social democratic "schoolmasters" are now ministers, governors or managing directors. There is nothing that indicates that the Social Democrats are losing voters on the left. As a consequence of the split in the Communist Party, and of that which the left wing calls the slide to the right of the Social Democrats, the SKDL is establishing itself as a more independent organization. SKDL says that it will not act as a cover organization for the Communists.

The chairman of SKDL is Education Minister Kalevi Kivisto, vice chairman is Aarne Saarinen, majority Communist.

Pulverized People's Party

The Nordic pattern is obvious within the Finnish bourgeoisie. The Liberal People's Party has been pulverized (as in Norway) and is now a faction within the Center Party. On 20 June the Center Party reelected Paavo Vayrynen, who was reconciled with Johannes Virolainen, who is considered to have saved the Center from an election catastrophe with Ahti Karjalainen as presidential candidate. (The Finnish Christian League is seeking election cooperation so as not to be hit by the catastrophe of the Liberals--and will do that perhaps with the Center or the National Coalition Party, which have stable poll figures around 23 percent). The Swedish People's Party has a strong position in the government (foreign minister and justice minister) but for demographic reasons it could have a hard time retaining all its seats.

The question within the bourgeoisie is whether it is finally time to allow the coalition party to manage some of its electoral deficit by itself--

perhaps by letting the Conservatives replace the People's Democrats/Communists in the government. But the question is also whether the Social Democrats will take such a risk now with a mild summer breeze in their sails.

9287

CSO: 3109/228

COMMENTARY ON FUTURE OF KKE (INT.)

Athens TO VIMA in Greek 27 Jun 82 p 7

[Article by Vasilis K. Paikos: "Consolidation or Failure, the Future of the KKE (Int.)"]

[Text] "The disagreements were very evident during the congress. Disagreements on both our future prospects and on our past. Nevertheless, it was an open congress. With its pluses and its minuses. A congress that wanted, you might say, to give an accurate picture of our party. It did. That is what we are. Just as the congress portrayed us."

These observations belong to Leonidas Kyrkos and are included in the interview he granted Maria Reza for TO VIMA, the Sunday issue of 13 June. They include the entire truth about the present political stigma of the KKE (INT.)

Indeed, the Third (11th) Congress of the KKE (Int.) broadly revealed all the positive and negative points, all the pros and cons of this part of the Left. Because of this, it is considered a historical event in the course of the party. An event that is a base and a starting point for an entirely new, but perhaps even fateful, phase of its evolution that will either confirm the historic need for its political existence or that will lead to the substantial abandonment of any efforts to have the "other voice" come into the leftist movement of the country.

The "phenomena" that were observed while the congress was in session, in other words, the internal political clashes, many times hard or even violent, the daring intraparty confrontation, the statement of views that set up the intraparty tendencies officially, and publicized them, including the difficulties in the election of the Central Committee, the secretary and the executive office, caused a great deal to be written and more to be said concerning the cohesion as well as the future of the KKE (Int.).

Some considered these to be indicators of erosion and decomposition and interpreted them as proof of an oncoming dissolution.

Without being able to preclude any possible unfavorable developments for the future of the KKE (Int.) with any certainty, there were many indicators pointing in that direction, displaying the democratic nature of the structure and its operation, the absolute freedom of thought of its members, the persistent and painstaking search "for what is correct democratically and revolutionarily."

We are talking about the elements that make up a true capturing of the communist rejuvenation for the party, but also for the Greek political life in its whole.

After the Third (11th) Congress of the KKE (Int.), and the wide publicity its sessions received, it will not be very easy for any Greek party to hold "closed" and unfree procedures in their congresses and have it pass by unnoticed.

It is not possible, however, not to make a point of how some negative elements were identified in the surroundings of the congress and during the proceedings after the congress. Even if one overlooks the fateful consequences of the extreme conception of freedom, such as loquacity, pedantry in analysis and research, opposition of a somewhat personal nature, in the anxious effort for the consolidation of the opposing views "at any cost" one cannot do anything else but support the convocation of the tendencies in a common platform, but that is least representative of party reality.

This effort led to "bargaining" for positions many times by the representatives of the various tendencies and deals were made without the knowledge of their followers.

The political decision of the third congress is the obvious product of successive compromises. For this reason it is not easy to focus on the center of its political gravity and isolate the specific direction it is following. Because this direction includes almost everything: shades of every point of view, of every position, even the ones that are diametrically opposed to each other.

This fact is not important since the political decision is the basic text for guidance and the political compass of the party until the next congress.

Renewal of the Leadership and Typical Absences

The election of Giannis Banias to the position of secretary of the Central Committee of the KKE (Int.) and the replacement of the Central Committee and executive office with new members by 50 percent are very important political indicators. And regardless of the evaluations that anyone may make concerning the composition of the new leading officials, it cannot be doubted that the KKE (Int.) is a party that dares.

Perhaps it was the first time that a secretary of a communist party was replaced as a result of his own initiative since he himself suggested who his successor should be. And the change of guard was effected without a subsequent radical change of line and direction, without political condemnation, without changing the party character as it may have been shaped by any one personality. What happened was the result of a need to express the renewal even in the highest party post and perhaps the result of the sensitivity of the former secretary regarding his responsibility for the unfortunate moments the KKE (Int.) had these last few years.

It should be mentioned that if Bambis Drakopoulos had decided to run for the secretariat even at the last moment, especially in view of the specific

correlations that developed during the special meeting of the Central Committee, it is certain that he would have been elected almost unanimously by its members.

And something else. After his resignation, he did not go "home." He continues to fight from advanced political lines and support the new leadership.

Of course, all this gives lessons in political character and consequence and confirms a history of struggles that starts about 40 years ago.

Giannis Baniyas, the new secretary of the KKE (Int.), is the typical and characteristic representative of the Lambrakis generation and of [Law] 114. In other words, the generation that connects the EPON [National Panhellenic Youth Organization] and the National Resistance with Rigas and the Polytechnic School.

That is why his rise to the leadership of the party of communist renewal is very significant and symbolic.

It should be noted that Giannis Ganiyas who was an unknown to the general public until yesterday has already made an excellent impression with his appearances, especially the one on television on 14 June.

At least, as far as facial characteristics and mien are concerned, the general public not being able at this time to provide an assessment of other features, the KKE (Int.), could not find a "more characteristic" representative.

The composition of the new "executive office" of the KKE (Int.) undoubtedly surprised the political observers. And it raised questions about its "power," cohesion and effectiveness.

Surely it is not an especially powerful executive office. When the most significant representatives of the tendencies are absent from it, it will be quite difficult to make daring decisions and more difficult to pass these decisions on to the party base with no hindrance. There is the danger that because of this absence, all the "games" to develop balances and a program will be played outside of the executive office that will be called after the fact to confirm the decisions taken by the "outsiders." And if this fear is exaggerated at least in the form it is presented above, it is not far from the logical truth and from the reasonably probable future "reality."

The present position of Leonidas Kyrkos in the party is the fact that occupies the attention of most political observers, and especially public opinion. It is the fact that dominates.

It appears that finally, the request by many for getting away from the influence of Kyrkos "was honored," without, of course, any serious attempt by Leonidas Kyrkos to avert it.

In addition to his resignation from the candidacy for the "twin post" of the secretariat (Kyrkos-Baniyas), especially at a time when it was not less supported than the other (a one post secretariat), Leonidas Kyrkos is charged with not trying hard enough all this time, especially during the phase of pre-congressional procedures, to secure "followers" of his line.

Besides it is known that if his proposal regarding "existing socialism" was developed with more elasticity, it is almost certain that the remaining positions of Leonidas Kyrkos would have found wide acceptance.

No matter how things stand, Leonidas Kyrkos finds himself presently outside of the executive office. He has expressed his reservations publicly regarding the choices of the majority as well as some phenomena of party mentality. Even though he stated quite clearly, surely he means it, that he will always be in front during the party struggle, the sub^d role that has fatefully befallen him, or that he brought upon himself, has to be taken into consideration by the KKE (Int.).

Let us not forget that as far as the entire country of Greece is concerned, Leonidas Kyrkos is the showcase of the KKE (Int.) as well as one of the few, the very few, contemporary Greek politicians whose "voice" is heard beyond the narrow circle of party influence.

The "voice" of Leonidas Kyrkos goes beyond inflexible opinions; it demolishes dams, it abolishes nets, prejudices, psychoses. In other words, he is a true political leader of the "people" with wide acceptance and especially with great effectiveness.

Most officials and members of the KKE (Int.) hope that the fighting presence of Leonidas Kyrkos from now on will not be a lesser one. Perhaps that is what they wish to believe.

Others expect that after a short period of lesser activity, he will soon get into advanced party fortifications (as he likes to call them).

It should be noted, however, that among the guiding officials of the KKE (Int.), there are more "followers" of his political tendency than there were before the third congress.

From this point of view, the present party position of Leonidas Kyrkos appears to be stronger, no matter how strange it may seem.

Political Practice, Prospects and Opportunities

The political practice adopted by the KKE (Int.) these past few years is not subsequent to the practice it followed during the first period of its legality, from 1974 to 1977.

It lacks revolutionary daring and an aggressive rejuvenating character.

The tactic of "pleasant sounds" that has been adopted may flatter certain types of citizens and may also be similar to what the other progressive parties have adopted. It completely dilutes the face of the KKE (Int.), however, and more important, it does not confirm the exclusivity of its mission and role.

The third congress did not address itself clearly and convincingly to a number of problems of basic political choices and even to a lesser degree, to the problems of methodology and tactics. The basic area for party reporting was not made clear either.

For this reason, there is a widespread impression that the KKE (Int.) will continue the fruitless comparison with the other communist party and that it will not depart from the choices of recent years that are not in a position to identify, show and emphasize the "other" political concept that the KKE (Int.) really brought to Greek public life.

The KKE (Int.) justifiably has been considered the party of "shades" and even the party of logic, cohesion and realism.

Many times during the period 1974 to 1977, it proceeded to proclaim and practice openly antipopular positions when it considered them to support the interests of the strategy of smooth democratic development. It did not hesitate to oppose the slogans that were directed by instinct or even emotion and that ignored "logic." It also did not hesitate to discourage strike movements when it believed they were not "sufficiently justified" or that they undermined the effort to solidify the democracy. Of course, this is not an unstudied daring act when it comes from a part of the Left, especially a party that has not yet secured firm access to the people.

What of all these could the KKE (Int.) repeat today?

And yet, the return to the policy of absolute consequence is necessary for its life, necessary for its political survival.

Because of course, the uniqueness of its mission, the exclusivity of its role and finally the justification of its existence cannot be supported exclusively by "traditional" theoretical differentiations with no tangible backing, by differentiations that refer to "the dictatorship of the proletariat," by the interpretation of "proletariat internationalism" or by the best road to socialism.

Today, shortly after the third (11th) congress, the KKE (Int.) openly accepts a real "invitation of the times." It finds itself in front of some very favorable circumstances. Such circumstances that, if they can be converted to opportunities, could be characterized as historic.

First of all, it enjoys a wide publicity it was denied for many years and it even accepts an open and liberal "friendly attack" on the part of PASOK.

The publicity is surely due to the congress that just ended as well as to the daring renewal of its leading officials.

The "friendly attack" could perhaps be attributed to the deterioration of the relationship between the party in power and the other communist party as well as to its steady decision to seek alliances with politically and morally reliable partners.

The problem is whether and to what extent the party of communist renewal presently has the objective potential and sufficient political forces to exploit, promote and widen these opportunities. Because of course, they are not the kind that appear every day.

VIEWS, COMMENTS ARISE FROM MORATORIUM WITH TURKEY

Caution Must Be Exercised

Athens ELEVTEROTYPIA in Greek 24 Jul 82 p 4

[Editorial: "The Moratorium"]

[Text] The achievement of a "moratorium of the mutual provocations" is undoubtedly a step toward the solution of Greek-Turkish differences. But just a step, nothing more. "There should not be any feeling that important matters have been solved," warned the prime minister. Because as a matter of fact, none of the two sides budged an inch from their known declared positions on the substantial matters. While, on the other hand, even the maintenance of the moratorium, at least from the East, should provide some hope.

Unfortunately, our eastern neighbors have not made us used to their reliability. Just a few months ago in Bonn, when the prime ministers of Greece and Turkey were agreeing in stopping the provocations in principle within the framework of the NATO conference, the Turkish Air Force was violating Greek air space several times. And when the prime minister would refer to that moratorium in Bonn, Ankara would answer: "What moratorium? We did not say anything!"

For this reason, every caution is justified, certainly without underestimating the meaning of yesterday's step, but neither betraying the hopes for the future. There is not the slightest doubt by the Greek side that the agreement will be honored since Athens made no provocations up to now and certainly has no reason to make any now. Only Ankara has committed provocations, both in the air and at sea, and it is up to Ankara to stop them. Whether or not the Turkish side desires the definite solution of the problems that have harassed the two countries so much is being put to the test once again.

Situation Appraised

Athens ELEVTEROTYPIA in Greek 25 Jul 82 p 4

[Article by Str. Zakhariadis: "With the Andreas-Evren Meeting in December, the Beginning of Dialogue"]

[Text] The Greek-Turkish dialogue will most probably begin at a summit meeting in a European city after the time element of "certain months" called for by the agreement for the moratorium to expire. As a matter of fact, these

actually are certain months. Because if the contacts of the ministers of foreign affairs beginning 2 October in Ottawa prove to be fruitful, a meeting between Papandreou and Evren about the end of December should not be out of the question. The opposite should be true.

According to confirming information, the scenario for peace that has begun to occur provides for the gradual transition from abatement to a peaceful restoration of relations on a more permanent basis. And it is not feasible to set this basis without the approved expression of the political will of the leaders of the two countries. A political agreement that would spell out accurately the subjects of the dialogue, in other words, what is negotiable and what is not, will define further developments in the relations between Greece and Turkey that have been problematic thus far. If, of course, Ankara is made to keep the obligations it may assume.

It appears that most Europeans are on the side of this "formula," while Washington, according to a recent decision by the House of Representatives on the withdrawal of the occupation troops in Cyprus, appears to be disposed to put effective pressure on Ankara. The breach in the southeastern wing of NATO passes through Nicosia and splits a country that is not part of NATO. And it is not too much to accept that some American policy makers were able to get a better understanding of what is going on in our area after the historic visit of Prime Minister Andreas Papandreou to the martyred island and the announcement of his policy for the total protection of the interests of all Greeks, from the Aegean islands to Cyprus. Because at this point there is a real [change] in our foreign policy.

As Mr Andreas Papandreou has clarified several times, this is not a policy of a "package deal" that has concerned the ND, when it was in power, under different terms, and on the basis of different premises without ever having become specifically defined. It is a policy that cannot leave out the Cyprus problem, a subject that is an inseparable part of the Aegean case. A simple retrospection of the events in 1974 confirms this simple truth that could today be raised to a "security dogma" for the defense of Greek sovereign rights as well as our interests in the entire region. Therefore it is not at all strange that PASOK accepts the repetition of a dialogue with Ankara, a dialogue that had been cut off by the prime minister, at the same time that 405 U.S. congressmen voted for and only 6 fanatic pro-Turk congressmen voted against the proposal of Messrs Yatron and Broomfield to put an end to the Turkish occupation of Cyprus. Perhaps the interruption of the dialogue that the Right criticized so quickly will prove to be more constructive in promoting the substantial dialogue than the interminable discussions of the general secretaries that basically strived to gain time.

The coincidental timing of the bloody settlement of the Palestinian problem should not pass by unnoticed. The fact that Khomeyni's Iran threatens to proceed with drastic interventions west of the Persian Gulf, after the stabilization of the Islamic regime, appears to strengthen NATO "philosophy" that brought about the dictatorship in Turkey for reasons of prevention as claimed by some of its cynical apologists. The closing of the "breach" in the southeastern wing of NATO clearly appeared to be assuming the shape of an "urgent matter" after Haig's visit to Athens and Ankara.

Very few political observers doubt that Turkey is getting much more pressure than Greece to take care of the "interalliance" pending problems. Most of the pressure comes from the social democratic government of West Germany. Schmidt's role at the latest summit meeting of NATO in Bonn appears to have been definitive. The selection of Willy Brandt as a catalyst for the Cyprus problem was not made by chance even though it seems that this effort is failing. Bonn continues its traditional ties with Ankara, but is especially interested to stop paying for Kissinger's policy while most of the EEC-10 have long been oriented toward assuming initiatives, common or isolated, that support a new solution to the Aegean and Cypriot problems. The Turkish provocation that was expressed usually or an international level the day after assurances would be given, revealing the peaceful intentions of Ankara with continuous violations of Greek air space, finally compelled the Europeans to take the Greek charges seriously regarding the Turkish threat.

The subject of the reliability of the Turkish leadership, however, continues to remain open. Not much time has elapsed since the political spokesman of the Turkish junta, Mr Ulusu, was giving assurances to everyone at the summit meeting in Bonn about the good intention of his country, especially to President Reagan and Chancellor Schmidt. A few days later, the Turkish prime minister was "reprimanded" by the hard core group of General Saltik and 16 Turkish Air Force "Phantoms." This indicated in terms of action what the real intentions of Ankara were regarding the 10 and 6-mile limits of Greek air space.

Thus the matter of the level at which a political agreement can be reached to begin the dialogue during 1983, as long as the contacts for the "moratorium" are fruitful, naturally will concern the Greek side. The Turkish junta leader, General Evren, knows very well what the reaction of the Americans and the West Germans is to the specific and clear retraction of Turkish intentions. And according to foreign diplomatic sources, he is getting used to the decision that he should make amends himself by meeting with the Greek prime minister, if the preliminary agreements develop well, so that he may commit the various military group leaders, and that is the most important thing he can do.

U.S., NATO Arbitration Rejected

Athens RIZOSPASTIS in Greek 25 Jul 82 p 3

[Article by Lambros Petsinis: "Renunciation of Mediation Is an Imperative Need"]

[Excerpts] With the simultaneous government announcements that were made last Thursday in Athens and Ankara the agreement for a temporary "moratorium" was made official between the two countries for the purpose of establishing the "right climate" to begin the Greek-Turkish dialogue.

A Positive Step

There is no doubt that the moratorium that has been achieved after marathon talks is a positive step that, if kept by Ankara, could create the necessary premises for a real deflation of the intensity in Greek-Turkish relations. The

reservation about whether or not the moratorium will be respected by Evren's regime is not the product of skepticism, but a logical question that derives from the fluctuations of intensity and abatement that were recently observed in the relations between the two countries.

With U.S., NATO Arbitration

When he announced the agreement for the "moratorium," Mr Papandreou said that the two sides remain "rigid in their positions." This statement is a bad omen for the development of the Greek-Turkish dialogue, since the unacceptable demands of Ankara are known, with the indirect instigation and the many different kinds of support by the United States and NATO, against the national sovereignty and territorial integrity of Greece. The course of Greek-Turkish talks up to now, especially after the Bonn congress, indicates that the government accepted the arbitration of the United States and NATO.

Insistence on this course, however, and the acceptance of American and NATO arbitration prejudices the negative content of the result of the Greek-Turkish dialogue, in case it is assumed that it would reach some kind of "solution." The result in any case, in view of these prescriptions, will not favor the national interests of the country. This is true because it has been proven with a mathematical accuracy that the national interests of the country are not in harmony with the adventurous objectives and aggressive plans of the United States and NATO.

It is also known that the United States and NATO do not wish to deflate the situation in the Aegean, especially with a just and permanent solution of Greek-Turkish differences and the Cyprus problem, because something like that would restrict the potential of intervention and involvement in the domestic matters of the two countries. It would also restrict the mythical profits enjoyed by the American and West German monopolies of the war industry from pursuing the armament imposed on Greece and Turkey with the excuse of a "mutual threat."

A "Camp David" Type of Solution

Only by being naive could the government really believe that the United States and NATO would abandon the "paper" of the Turkish threat that has been used and is being used by them as the main lever for exercising pressures on Greece to maintain the props necessary for the policy of the Atlantic (first of all the bases) and its alignment with the aggressive plans of Washington in the area of the Middle and Near East. Lately the government is talking about the alleged change in American strategy in the Aegean area because of the critical nature of the situation in the Middle East, especially in the Persian Gulf, a fact that supposedly compels Washington to pressure Turkey into changing its order of battle by withdrawing troops from the Aegean area and sending them to its eastern borders, thus creating the opportunity with "delicate handling" and "diplomatic maneuverings" to find a solution to the Greek-Turkish dissension. These claims do not reflect reality. An irrevocable target of the United States is the smooth operation of the southeastern wing of NATO with full Greek submission to the NATO plans. Exactly for this reason, the United

States and NATO insist on the unconditional application of the "Rogers plan" and the redistribution of operational control in the Aegean.

Both from the statements of U.S. and NATO representatives and from the publications of the Western press, it is clearly indicated that under the tight Atlantic control, a solution is being pursued of the "Camp David" type for a "package deal" of the Greek-Turkish differences and the Cyprus issue. If such an "arrangement" is achieved finally, it will be in flagrant opposition to the vital interests of the country. A really just and permanent solution of the Greek-Turkish differences can be found only outside and far from the American and NATO arbitration.

9346

CSO: 4621/471

COMMENTARY ON GREEK-TURKISH RELATIONS

Athens KYRIAKATIKI ELEVTHEROITYPIA in Greek 27 Jun 82 p 4

[Article by Arist-Manolakos: "Turkey, the Moratorium and the Country's Defense"]

[Text] Last Tuesday night, political editors of the Athenian newspapers were confronted with two facts that seemed to contradict each other. In Athens, the government spokesman described the "constructive" discussion between Turkish Ambassador Alatsam and Deputy Minister of Foreign Affairs Kapsis regarding the known moratorium. The Turks accept the "truce" in the Aegean, if it will create the climate necessary to begin the Greek-Turkish dialogue. In Ankara, however, the representative of the Turkish Ministry of Foreign Affairs, Mr Akiman, was quick to give the "truce" this special meaning: that it does not include the 10 miles of Greek air space, but only 6 because that is all his country recognizes and that is all the Turkish Air Force will respect.

Once again, the offering of the "olive branch" by the Greek Government fell upon the persistent irreconcilability and provocative aggressiveness of Turkey that had a few days earlier violated Greek national air space with no provocation for a distance of 5 miles. The government spokesman answered Akiman, saying that the air space is 10 miles and is an inseparable section of our sovereign rights and this has been made clear "in every direction."

From the same night, but especially from the next day on, government officers and important government executives avoided giving any answer whatsoever to the question of whether there will ever be a moratorium or will Ankara kill it. They were saying, however, that after the new meeting between Kapsis and Alatsam Wednesday morning, the only thing that remains is Turkey's answer.

Mutual Clarifications?

What then was Akiman's statement all about, when it appeared to ruin the optimistic image from the "constructive" discussion between Kapsis and Alatsam? According to the government spokesman did it not become the subject of a new discussion between these two men the next day? And why does the Greek Government wait for the final word from Turkey now, when the spokesman for the Turkish Ministry of Foreign Affairs made the advance announcement that Turkey will continue to violate Greek air space within the 10 mile limit that Greece had extended it to for the past 50 years.

There was no official answer to these questions. There were, however, some indiscretions that add up to the following scenario: that the statement of Mr N. Akiman and the answer of D. Maroudas were dictated by the need to declare publicly that the moratorium does not mean that each side is retreating from its positions. This is spelled out in the Greek definition of the moratorium, but Ankara did not wish to restrict itself to this description and with Akiman's statement clarified its questioning of the 10 mile limit, not to violate it during the time of the moratorium, but to legalize its position and include the matter in the ensuing dialogue. The Greek Government again outlined its unnegotiable position in the present status of the Aegean as a fact that cannot be the subject of review.

Open Subject

This scenario is based on the premise that the decision for starting the Greek-Turkish dialogue was taken by both sides, a dialogue that certainly will take a long time and that will require the processing of a long-term strategy to stabilize the present status in the Aegean and to guard the territorial integrity of the country. A strategy that will keep the "Greek case" open in every direction, especially toward the West and will avoid reducing the "Greek-Turkish problem" to a bilateral matter.

It is a fact that Turkish expansionism threatens to amputate Greece. And this is independent of the help given to Turkey by the United States and NATO as a result of their more general objectives in the Middle East area. According to one possibility considered by circles close to the government, the strategic orientation of the Americans east of Turkey, the transportation of Turkish military forces from the Asia Minor coast to the depths of Asia weakens the pressure on the Aegean and helps the Greek handling of the matter. It is a possibility that can be backed up by recent examples, such as the undoubted pressure on Turkey to accept the moratorium. In no case, however, would this justify a change in the order of battle of the defensive front of the country that is being proposed for some time by the NATO partners.

Revelation

The adventures of the moratorium since last March, when during the meeting of Greek Ambassador to Ankara D. Papoulias, with Turkish Minister of Foreign Affairs Turkmen, both Greece and Turkey agreed informally to the moratorium until the violation the day before yesterday of the Greek waters in Rhodes by a Turkish coast guard vessel, since Mr Ulusu's pledge to the leaders and prime ministers of the country-members of NATO in Bonn had taken place to avoid provocations in the Aegean and while the diplomatic effort is continuing to define the content of the moratorium, make up the latest unprovoked revelation of Turkish expansive objectives in words and deeds in the Aegean.

The "abatement" that certain people were quick to propagandize turned out to be an empty word, at least during this period and up until this time (Thursday morning) it is not known how "positive," according to CUMHURIYET, the response from Ankara was to the Greek proposals. Greece cannot even trust the Turkish "signature" even if the moratorium is agreed upon. Naturally, in case the Turks back out or prolong matters under any excuse, the Greek Government will have diplomatic weapons regarding Turkish unreliability. One can suppose that this will take a long time.

STRIKES SAID TO FORESHADOW CRISIS OF CONFIDENCE

Athens I KATHIMERINI in Greek 27-28 Jun 82 p 4

[Article by St Kouloglou: "Strikes Foreshadow Crisis of Confidence for Government"]

[Text] A crisis of confidence in the government is starting to appear among its followers and voters. The success of recent strikes and the announcement of new ones suggests more than the intention of the strikes to secure income. It suggests the existence of a "feeling of being taken," emanating from the nonfulfillment of many promises, from the grants and also from the change in attitude toward the working class. In view of the municipal elections, PASOK appears to worry about this possible switch by some portions of the electorate, especially toward the KKE.

"I am not going to vote for PASOK at the next bank elections," we were told a few days ago by a labor union official or DISK [Democratic Trade Union Movement] (as the PASOK bank employee unit is called) who left because he did not agree with his unit about the strike of OTOE [Federation of Greek Bank Employee Organizations]. "Indeed," he continued, "I do not know what to do about the municipal elections."

We believe the example is characteristic of the differentiations that are taking place in labor circles after 8 months of PASOK administration and after the first frictions or clashes with government policy.

A careful study of the OTOE strike could complete the picture. The strike demands that were finally developed by the bank employees are very far from their original proclamations and are even more modest than the positions projected by the labor union officials of PASOK when they were supporting OTOE demands 2 months ago. As it is frequently said, the proposals of the strikers differ very little from the proposals projected by the bank management during the negotiations. The explanation for the curious insistence of the bank employees and the success of the strike was given by another labor union official who is a member of the administrative council of the employees union of a bank: "Two days after the strike started, when the prime minister went on television to ask us to return to work, we thought everyone would go in on Monday. And yet no one went."

Perhaps we are dealing with a continuously developing "feeling of being taken" that pushes aside other thoughts or objectives and defines the status of social

charges that were the political or electoral supports of PASOK, while now they are being made aware that their incomes are getting worse despite the promises they were given from time to time.

This feeling, that apparently is not limited to bank employees, worries PASOK leaders both for the political impact it may have and the repercussions it may have on the cohesion of PASOK and its labor union units.

It is true that PASKE [Panhellenic Militant Workers Trade Union Movement] has widened its influence on some branches of workers as became evident during certain elections. In other cases, however, PASOK members and officials who had been trained differently, feel powerless to support the government's policy when confronted with criticism, especially by the KKE that now appears to speak the language that they themselves were speaking a short while ago.

The KKE Candidates

It is certain, however, that the recent developments helped the KKE homogenize its lines. It is more or less known that after the elections, especially when the new government took action that satisfied the demands of the traditional Left (recognition of the national resistance, abolishment of law 330, etc.), a serious problem appeared in the KKE regarding the policy it should follow against the government and many questions arose as to whether the points that separate the two parties are of such great significance so as not to make PASOK a worthy partner of an "anti-imperialistic alliance" but an "obsolete party of social democracy." Officials who expressed different opinions were accused of indirectly being influenced by PASOK and directly by the climate of "class cooperation" that is being promoted by PASOK. Esoteric texts and articles in the KKE publication tried to popularize the differences between the two parties and to stress the "pioneering role" that the KKE would have to play under the new circumstances. The same dissension that erupted between the two parties (and certainly assumed extreme proportions) started at the initiative of the KKE and was dictated by the need to "set the boundaries of the party."

The clarification of PASOK policy, especially on national matters (remaining in NATO and the EEC, keeping the American bases, Haig's visit etc.) worked almost automatically to define clearly the special identity of the KKE. At the present time, the KKE appears to support effectively many of the positions that elected PASOK, but that were not pursued by PASOK. Because of this, both its leadership as well as its officials who believe that the present dogmatic policy of the KKE restricts it to a peripheral role in political developments believe that they can attract a part of the dissatisfied PASOK voters.

On the basis of this evaluation, the KKE plans to support separate candidates in the main cities of Greece where the battle of the municipal elections assumes a mainly political character. Specifically in the Athens area, the KKE is considering a candidate who is not necessarily a "party man" and who has a wider influence. This person is being sought by the ranks of a movement that is close to the KKE and that was established recently for the purpose of intervening in the problems of the capital.

In Salonica, it will probably support the present mayor, even if PASOK, as published in the Sunday issue of TO VIMA, will submit the candidacy of the present minister of commerce. The same tactic will probably be followed in Patras if PASOK does not support the present mayor. Finally things are more complicated in Piraeus because with the existing correlation of forces, the KKE can be accused of "undermining the democratic front," while the present deputy minister of commerce, Mr Papaspyrou (who according to the same publication will be supported by PASOK) is considered by the KKE to be a "positive element" who "maintains contact with the working class and the mass movements."

The Criticism of ND

Would it not then be an exaggeration if we conclude that PASOK is presently more in danger "from the Left" than from its Right. To the contrary, the "New Democracy" appears helpless in carving a clear as well as effective opposition tactic. The selection of citing dangers and the return to the "tired" but obsolete propaganda is more indicative of a return to the past and does not in any way suggest a willingness to learn from experience and correct the old mistakes. An indication of this is that the OTOE workers or the bus employees made negative comparisons and identified the present policy of PASOK with the policy of the "New Democracy." As a matter of fact, in its present policy, when the "New Democracy" criticizes PASOK, it helps it pull its forces together and when it agrees with PASOK, as for example in the handling of national matters, it favors the propaganda of the KKE.

The government appears to be aware of these developments and has a problem in coping with them before the municipal elections. Surely the first step in reconstruction, but the government wants to achieve it to such an extent that it would not even have the character of a radical reorganization (that would give the impression of the failure of many in many areas), while on the other hand, it gives the image of a new course.

Perhaps this is the reason, beyond the selection of the persons and consequently the necessary deliberations and equalizing, for the prime minister's hesitations and the clashing and contradictory information that is being published by the press.

It should be considered sure, however, that within the framework of "reconstruction," Mr Papandreou plans to turn to domestic problems. It is indeed possible that he himself will undertake the supervision of government activity in these sectors, an action that surely is made easier from the recent achievement of a "truce" in the Aegean, even if it is a temporary one.

More specifically, to stop the drift "to the Left," the government plans to engage in certain spectacular activities during the summer, according to some reports. One of these activities is the completion of the legal task for the recognition of the national resistance. It even provides for the invitation of an old leading official of the KKE to Athens who had played a very important role during the critical periods of the communist movement. This individual was a scapegoat for the old KKE leadership, without having been reinstated. With this action, PASOK hopes that by opening an ideological front

with the PKE it will bring back the voters of the traditional left who voted for PASOK during the recent elections, but who are now dissatisfied with both the domestic policy of the government and the bad handling of foreign affairs.

How many of these plans will achieve their purpose? It is perhaps too early to tell. It is certain, however, that the municipal elections will be an indicator, not just a plain gauge but quite likely a decisive reading on the course of political developments.

9346

CSO: 4621/417

INDEPENDENCE MP GUDMUNDSSON EXPLAINS OPPOSITION TO USSR PACT

Reykjavik MORGUNBLADID in Icelandic 17 Jul 82 pp 18, 19

[Text] The so-called Soviet Pact, signed 2 weeks ago in spite of forceful opposition from such Independence Party members as MP's Albert Gudmundsson and Eggert Haukdal, has caused wide-ranging debate during the past few weeks. The day after the pact was signed, MORGUNBLADID reported that Eggert Haukdal, an Independence Party member supporting the present government, had written a letter to the Prime Minister the day before the signing and warned against this action, stating that the government should not count on his support if the pact were signed.

Albert Gudmundsson forcefully criticized the pact and walked out of a meeting of Althing's Committee on Foreign Affairs as a protest to Foreign Affairs Ministry Permanent Undersecretary Thorhallur Asgeirsson's reading of a statement submitted by a representative of an interest group supporting the pact. Yesterday in an interview with Albert Gudmundsson MORGUNBLADID asked him to clarify his attitude towards the present government in view of his criticism of the pact with the USSR.

"First of all let me recapitulate the history of this affair in order to make what I have done clear. The first I knew of this pact was that the two ministers who examined it had originally opposed it but later changed their minds and approved it. These two ministers were Minister of Commerce Thomas Arnason and Foreign Minister Olafur Johannesson."

No Answers

"What awakened my concern about the pact was the news that the Foreign Minister, who is known by the nation for his steadfastness, should change his mind. Upon examining the pact's background further, I realized that there had been no changes made to it which could explain the Foreign Minister's change of heart. In spite of my repeated queries as to the reason for the two ministers' change of position from opposing the pact to supporting it, no answers were forthcoming."

Still No Answers

"The Foreign Affairs Committee's first meeting originated from Moscow's Department of Foreign Affairs requesting a conference with Iceland's ambassador there, at which he was presented with a preliminary draft of the pact having to do with economic and commercial cooperation. He was also told that the pact could prove beneficial to Iceland and that a Soviet Minister would arrive in Iceland in the beginning of July in order to sign the pact. Should the pact not be signed, the consequences could be decreased trade with Iceland in the future. In other words--a definite pressure. I also queried the Committee on Foreign Affairs as to the topic of discussion at the Moscow conference and got no answers."

And Still--No Answers

"Upon discovering that the Soviet Ambassador here had met with our Foreign Minister, I asked what had taken place between them and got no answers. No information forthcoming."

"Mention was made of the pact being similarly worded as previous pacts made between the USSR and other Nordic countries and, likewise, with several different nations in other parts of the world. I requested permission to see the cited pacts, but although that permission was granted, they were never delivered into my hands, not even when other committee members got them before their next meeting, which was held a few days later."

Abnormal Interference

"At the first Foreign Affairs Committee meeting on this matter, a talk with a representative of the interest group favoring Soviet trade was suggested, but that suggestion was voted down as irrelevant. A suggestion to solicit a statement on the pact from this interest group was also made, but such a statement was also deemed not necessary."

"At the second of these meetings, the Minister of Commerce was not present, but the Permanent Undersecretary of the Ministry of Commerce was, and delivered a signed document from representatives of the Interest Group of Exporters Trading with the USSR. I deemed this abnormal interference, and strange behavior from the Ministry of Commerce Permanent Undersecretary in appointing himself a special representative of a pressure group and an advocate for the pact under discussion."

No Worse Than the Finnish Pact!

"Later the Foreign Minister was quoted as stating that this pact was no worse than, for example, the pact Finland made with the USSR. I must say that we Icelanders really have reason to worry about a trade position comparable to the one Finland has had with the USSR ever since the end of World War II."

Ministry Undersecretary's Deception

"The Commerce Ministry's Undersecretary has also been quoted comparing this pact with the Icelandic ones with the EC and EFTA (European Free Trade

Association). Such a comparison is obviously made in order to deceive the unwary, as those pacts were discussed by the Althing. In spite of repeated requests from us in the Independence Party for discussion by the Althing of the preliminary draft of the USSR pact, this was literally prevented--probably by the Soviet's insisting on an early July deadline during the Althing's recess for summer vacation."

Certificate of Morality

"Iceland is a small peaceful country, an independent country. Iceland is respected among all nations. The USSR's reputation among the nations of the world has declined enormously because of their behavior toward small nations, and it is therefore very important to them to receive a sort of a certificate of morality from the Icelandic government. Therefore, my first objection to the draft was that in the very beginning it mentioned the Helsinki Pact, which I do not consider in any way having to do with a pact on economic cooperation and trade. It is of course only mentioned for propaganda purposes."

A Matter for Concern

I had numerous other objections. The pact's first article states that the parties will endeavor to strengthen economic cooperation between the USSR and Iceland based on equal rights and equal advantages to both parties and according to laws and regulations in force for each nation. There can be no comparison here. On one hand is Iceland, one of the most open and accessible countries in the world, on the other the USSR, one of the most closed and inaccessible. These two countries are supposed to work together according to each other's trade and economic regulations. Anyone can understand the disparity in positions. There is no reciprocal obligation for the two parties to supply information on economics and trade. There is no mention of such an obligation in the article. We have here nothing but empty words, and this is bound to cause concern among other nations with whom we engage in trade, and which in turn could endanger our position as a small free country.

Reciprocal Informational Obligation Out of the Question

"This reciprocal informational obligation will of course never be possible because freedom of action and movement for Icelandic agents in the USSR is limited to a specific radius and the only information on economics and trade in the USSR accessible to foreigners is information officially provided by the government.

"On the other hand, Soviet officials and their staff have complete freedom of action in Iceland. They can themselves procure any information on our catch, its quantity, quality and production capacity. They know exactly how much of the production is unsold, they know of our need to unload it and they are also aware of the country's economic position from one day to the next. They know of our need to dispose of our production and how quickly. Therefore, they can themselves determine the price and determine the basis for negotiations each time.

"We, on the other hand, have no way to determine the USSR's need for our products, indeed we do not even know whether they have any need whatsoever for our trade. We do not know if they trade with us because of need or in order to maintain their position here--a position of importance to them because of our country's geographical position. Neither do we know how great a need they have to sell us oil or other products or what price they must get because of their internal economic conditions. Thus, they can also determine the offering price for their products.

"Thus, reciprocity will always be out of the question. One party has free access to all information about the other."

Renunciation of Power

"The fifth article is worded in such a way that a committee legally bound by this pact and meeting as needed in Reykjavik or Moscow shall both author and approve any texts without, according to the wording, submitting such texts to the Althing for signatures or approval. The committee is given such power of proxy as to, in my opinion, negate certain powers which the Althing has entrusted to the Icelandic Government. The Ministers' rejoinder that they are obliged to sanction all signatures makes no difference here. The pact should have included a limitation of the committee's power."

No Voiding Clause

"The last article of pact states clearly that it shall be in force for 5 years, after which it can be rescinded with 6 months' notice. However, although the pact shall be voided upon such action, it is emphasized that all contracts made within the framework of the pact shall be valid and no mention is made of how they shall be voided.

"These are the main points of this Soviet pact to which I object and against which I caution. I am amazed that any Iclander can be of the opinion that the Independence Party erred in its position against this agreement, and by urging a debate by the Althing over the draft and this whole matter before approval of the pact."

The Pauper and the Icelandic Republic

"Let me illustrate by saying that a pauper who inherits wealth and squanders it and again becomes a pauper is worse off than he was before he became wealthy. I liken the Icelandic Republic to the pauper. Generations of our forefathers struggled through the ages in order that we who have inherited this land might be independent. They expected us to treasure this independence, but if we do not take care we might in a short while become so dependent on others as to slide back to the same position in which the earlier fighters for independence found themselves."

The Opponents' Vehemence

"Since the signing of the pact, I have wondered about the vehemence with which the opponents of the Independence Party have defended this Soviet pact. thus, my position on the pact is clear.

"Thus my stand as far as the government is concerned must also be clear. It is in times like these that a strong Independence Party is especially important. Party members throughout the land and all those who fear foreign interference must take the time to give that some thought," said Albert Gudmundsson.

9981

CSO: 3111/49

INDEPENDENCE ALTHING GROUP CHIEF CONFIDENT IF EARLY VOTE

Reyjavik MORGUNBLADID in Icelandic 24 Jul 82 p 8

[Excerpts] "I don't expect the present government coalition to be able to agree on any realistic action concerning the economy, least of all this late in the electoral term, said Olafur G. Einarsson, Chief of the Independence Party's Althing Group," in an interview with MORGUNBLADID a few days ago. There are many indicators of a weakening position of the government during the upcoming parliament compared to the last one--if it lasts at all. A government as lacking in strength and unison as this one should go down. On the other hand, the People's Alliance and the Progressives are scared to death of elections. Perhaps this fear will increase this government's staying power. So now they're trying to save what can be saved--per usual nothing but pretensions.

They're Reaping as They Sowed

It's hard to know where to begin, said the Althing Independence Party Delegation head when asked about the Independence Party's accomplishments in Parliament. During the last session, we sponsored many and varied bills and resolutions: 1) On energy and utilization of energy sources; 2) on transportation, including permanent road construction; 3) on agricultural programs; 4) on taxes and state finance; 5) on industrial programs, 6) on banking, etc., etc. A survey of bills sponsored by us by Birgir Isleifur Gunnarsson was recently published by MORGUNBLADID--an adequate reference. The last session was in many ways unique. There was little action. As so often before lack of mutual faith marred most actions. This lack of faith has its origins in the formation of the 1980 Government when the leaders of the Progressives and the People's Alliance thought they saw a chance to destroy the Independence Party' when the IP deputy chief offered to save Althing's honor and at the same time solve the nation's problems--by cooperating with the IP's chief opponents.

Those who participated in that game are now reaping as they sowed. There is perturbation among them.

What developed during the session was caused by the weakness of the government. Hardly any of the government's bills made it through Parliament without extensive revisions. This is particularly true of major bills. Some bills of particular interest to the government never surfaced at all. Anywhere except

in Iceland a government facing such problems would have abdicated. Here, however, the only agreement within the government is to prevail if nothing else. Under such circumstances, it is difficult to predict anything, and certain premises must be made. Take the repeated statements of the Prime Minister and the Chairmen of the People's Alliance and the Progressive Party concerning the Government prevailing till the end of the electoral term, meaning that unsolved national problems will snowball into the future. There is no cooperation within the Government--one hand is against the other. We are now suffering for the initial deception in the beginning of the year 1980.

Even though these people realize now how their following has diminished and how erroneous their course has been, they still may try to keep the Independence Party out of the Administration for another year. That is one thing the leaders of the People's Alliance and the Progressive Party agree. But one thing is certain--in such a case, the national interest will not be served.

Wrong Government Direction

We Independents have for year been pointing out the fact that the present Government's policies would of necessity lead to contraction and even a complete standstill of the economy, on which our present standard of living is based. This prediction, unfortunately, has now come true. The only reason the economy is still more or less viable is that most of the time during the present government's rule, foreign markets have been favorable. But we cannot forever count on fortune's smiles. We have reached the utmost limits of utilization of the fish stock and foreign markets are becoming difficult because of increased domestic costs and foreign competition. In the past, "rescue" has consisted of borrowing--even foreign borrowing--in order to take care of unfavorable balances. Such "rescue" does not last. The end is in sight.

We Independents consider a balanced economy basic, along with possibilities for growth and expansion wherever possible. The national economy needs new supports. Increasing the national production which at present is shrinking is the premise on which to build an improved general standard of living in the country and strengthen the nation's economic independence. In order to accomplish this, the government must change direction. Both government spending and taxes must be cut, prices should be allowed to find their own level as is the case with other Western nations, equitable and balanced interest rates must be achieved, and a vigorous industry and energy policy must be established.

Employment on the Reykjanes Peninsula

Employment on the Reykjanes Peninsula is almost exclusively based on fishery and related production. Thus, it is of utmost importance to secure a sound basis for this production. In many ways, related expansion has been slighted--many freezing plants have closed in past years. This development must be turned around.

Helguvik and Airport Construction

Moving the oil tanks is of utmost importance: In order to prevent pollution, ensure uncontaminated water, and because of urban planning in the neighborhood. The choice of Helguvik was the decision of a committee after a most thorough investigation. Further recommendations should not be necessary, and I actually believe that the matter by now is closed. There is no way the People's Alliance can hinder this development now unless the Minister of Social Welfare manages to come up with some objection on account of urban planning.

The present terminal building at Keflavik Airport is an absolute scandal. It is demeaning to have to pass through the area. It is absolutely necessary to operate the Defense Forces area and commercial aviation, and that is not possible without a new terminal building.

It is a grave responsibility to prevent this construction now, and one clause in the Pact between the Governments has become a sop in the hands of the People's Alliance. It is also a given that the United States should contribute to the cost of construction which will be to the benefit of both countries, and if the contribution which is now being offered is not accepted, we run the danger of it now being available later. The deadline for construction start is 1 October and we're talking about \$20 million U.S.

Working conditions at the terminal are totally unacceptable--for example just about all fire regulations are completely ignored. The terminal represents Iceland to thousands of air passengers between Europe and America every year, and a new terminal is a prerequisite for a separation of Defense Force activities and commercial aviation activities. The People's Alliance loves to have something to complain about--even though it may cost the nation millions.

The Aluminum Factory in Straumsvik

When asked about the aluminum factory in Straumsvik, Olafur said that no matter how you look at it, the Minister of Commerce's activities have been very destructive. Considering present operational problems, any suggestions of Iceland buying the factory is pure nonsense. We're lucky not to be saddled with such a property considering the aluminum market today.

Looking Forward to Elections

After discussing the interests of Reykjanes Electoral District for a bit, your reporter brings up the Althing group again. Olafur states that the Group now as always is working on policy formation for all major national concerns. A special committee chaired by MP Petur Sigurdsson is charged with that task which is nearing completion. We are alert to all developments concerning the nation.

I am looking forward to the elections. The result of district elections indicate what may be the Althing elections' result. The People's Alliance's reac-

tion seems to be to utilize both the Progressives and the Social Democrats as crutches for shoring up their power. Perhaps their concordance in the matter of the "Russian Pact", an unnecessary and dubious "economic pact," is a sign of things to come.

The shine is off the present government. Most of their promises are now proven empty. Inflation gallops on and the fate of the electoral districts' reapportionment has been endangered by protracting the tasks of the constitutional committee. If that committee does not formally present its proposals to the Althing this fall, the Independence Althing Group will do so in the interests of human rights.

County elections also showed that the problems which our opponents thought they were creating within the ranks of the Independence Party turned out not to be as severe as they had hoped. I think the Althing Group handled these internal difficulties properly. The attack against the Independence Party failed as the next election of the Althing will show.

The government is weaker and even more splintered than before. Fear of elections keeps it from collapsing, but how long I don't know. The Independence Party is the most powerful political force in the country and the only choice against the leftist phalanx led by the communists. The tactics of the People's Alliance are easily seen through and make for an easy choice in the next elections.

9981

CSO: 3111/49

PAPER VIEWS POSSIBLE GOVERNMENT COLLAPSE DUE TO USSR PACT

Reykjavik MORGUNBLADID in Icelandic 17 Jul 82 p 18

[Editorial: "Looking for Help"]

The Government's situation is now such that isolated Ministers are looking for help from outsiders. We hear tell that both People's Alliance members and Progressive Party Members have approached Social Democratic Party members with the suggestion that they join the government or grant it neutrality in order that it may continue to govern with some sort of majority support in Althing. At the same time, Ministers break ranks over recent suggestions to rescue the trawlers. Latest developments in that issue include Deputy Prime Minister (in Gunnar Thoroddsen's absence) Palmi Jonsson's support of the People's Alliance's position. He considers the Progressives' suggestion to transfer the onus of the trawler operation onto the state treasury "totally unacceptable." Furthermore, Thordur Fridjonsson, Economic Adviser to the Prime Minister, has spoken out and declared his opposition to Steingrimur Hermannsson's and the Progressives' course in the stern trawler's business.

Although the Progressives have never been known for practicality when it comes to economics and finance, it's a bit startling to find them even less realistic than the People's Alliance. Perhaps the Communists feel that the attack against trade and employment is successful enough for now--no more is needed to increase the government's role there. By aiming directly in that direction "it can't be denied that we're sinking fast," as Ragnar Arnalds put it, and that's exactly what will happen with increased government intervention--the Communists' fervent wish. It would be no surprise now to see the socialists step into government as a logical conclusion to this strange abduction towards nationalization. Nationalization and government operation are the basic tenets of social democrats here as well as everywhere else.

The debates on economic solutions within the administration sound like nothing so much as attempts to form a new government. So there is nothing strange about these feelers to the social democrats. In the spring of 1979, Progressives joined the social democrats and the communists in formulating the so-called "laws of Olafur" as the economic solutions then were named. No doubt they now think that the time has come to make up some new laws in order to make sure that we do indeed sink.

9981

CSO: 3111/49

PRESIDENTIAL OPTIONS UNDER NEW CONSTITUTION ANALYZED

Lisbon O JORNAL in Portuguese 13 Aug 82 pp 4-5

[Text] "When the final text of the new constitution is put in the hands of the president of the republic within a few days, the countdown toward the launching of a new political party will have begun."

This statement is no novelty in itself. Various observers of the Portuguese political situation will agree with this analysis, as it was set forth for us this week by circles close to General Eanes. A new party, that of which there has been singularly insistent talk in recent weeks, would be an offshoot, one way or another, of the president of the republic as an individual. But for the time being, it is impossible to say more than this.

Will the president want to assume leadership of this new party group himself? Will he be willing to sponsor this new movement, without playing an active role in it? What type and strategy of political action would it adopt?

The possible reasoning at this stage involves the weighing of various possibilities, related, naturally, to whether or not General Eanes continues or not as president of the republic, and the timeliness of capitalizing on two or three political factors which apparently favor him. But one thing seems certain: The party chessboard is likely to be enriched--or at least altered--by the existence of a new political party within a relatively short period. The general staffs of the major parties have already perceived this. The PS [Socialist Party], for example, which just a short time ago pressured the president to define himself in party terms, probably in the belief that he would not do so, has already stated, through its secretary general, Mario Soares (on the RTP [Portuguese Radio-Television System]-1 program called First Page) that not only is the establishment of a new party legitimate, but a clear ideological definition is expected of it. And the PSD [Social Democratic Party], which has navigated in these arrogant waters with regard to the "new party," has maintained a virtuous and cautious silence. The emergence of a new party before the end of the year might prove catastrophic for Francisco Balsemao's party.

What is the source of this now near-certainty that a new party will emerge? First of all, the publication of opinion polls (even commissioned by the government) give it a significant potential with the voters for the traditional parties. And however much an attempt is being made to minimize the

known results (see the article by Maria Eugenia Retorta on page 14), various political sectors agree that the polls serve, here as in other instances, as major indicators of the inclinations of the electorate.

Secondly, the party leaders are aware that the text of the revised constitution resulting from the AD [Democratic Alliance]/PS agreement is far from pleasing to the president of the republic. Eanes believes that the basic charter, as it will be implemented, substantially changes the political-institutional framework within which he was elected in December of 1980. And where this text is concerned, the president "can not fail to be aware" of the minimal opportunity to "define himself," which might be the first step toward establishing his political autonomy within the existing party context.

Finally, the president himself (habitually "very cautious," as Mario Soares has acknowledged) has already admitted that "there is room" for a new party in the social-democratic and democratic-socialist sector--for which, read a center-leftist party. With the constitution in hand, will Eanes be prepared to take the step? And if so, what step?

First: Not Until 1985 (If Then)

Has Eanes always had the intention of playing an active role in political-party life beginning in 1985? It is difficult to say. What can be said is that the president has always doubted the possibility of working with a presidential majority and a cabinet majority differing in orientation. Bound to a strategy of party support by the agreement he signed with the PS, Eanes still believed, in the months immediately after his reelection, that advantage could be taken of certain truces and of the political personality of Prime Minister Francisco Balsemao to stabilize the political situation. In two words, Eanes believed in the solidity of the majority which emerged strengthened from the October 1980 elections, and he thought it possible that if the PS honored the commitments made in the agreement it signed with him prior to his reelection, the conditions would exist for a "balanced" revision of the constitution. Beyond that, the president, who had long since ceased to believe that the president could act without the support of a party group, even though it might be a minority, under a semi-presidential system, thought that his close collaboration with the socialists would make it possible to strengthen and broaden the sphere of influence of the party headed by Mario Soares, at the same time creating the conditions necessary for the desired PSD/PS coalition. Situating himself by preference in the socialist sector (since the PSD is more nearly a liberal party than a social-democratic one), Eanes thought he could create the space for the election of Mario Soares to the presidency of the republic in 1985, with his specific support. Did Eanes plan to become active beginning then within the PS or one of the small groups included in the FRS [Republican and Socialist Front]? We do not know. What seems certain is that the president soon abandoned hope for this ideal scenario. The AD showed signs of structural weakness and a lack of leadership; the PS broke with the FRS (within which the president could best envision his political place), paving the way for separate negotiation of the guidelines for constitutional revision; the political-party situation, far from being clarified, became still cloudier; and, as a result of all of this,

political instability, institutional guerrilla warfare and the deterioration of the economic situation forced the president to rethink his strategy.

During 1981 and the early months of 1982, the president may have thought that his function was to endure the situation inherited from the electoral processes of 1980 until his second term had been completed. Eanes believed then that it was necessary to prepare for the candidacy of a civilian, who would take office in Belem in 1985, undertaking immediately to establish a political force to support this candidate, who would win his place in the party picture, once the electoral schedule calling for early legislative and presidential elections had been carried out. Eanes could assume the leadership of this new party group and eventually return to heading the government if this party emerged victorious from the legislative elections, or he could very simply bide his time in the party leadership until the situation stabilized.

This was also the interpretation of a substantial portion of his supporters, although even then there were discordant voices urging that the president assume full political action before the end of his mandate. Now what is happening at this time is that many of those who defended that ideal solution now agree that the situation is likely to deteriorate intolerably as 1985 approaches. And although the plan still has its advocates, the recent statements made by Eanes may suggest that the president is now persuaded that "this can not be tolerated until 1985."

Second: New Party, But No Resignation

One acceptable possibility therefore calls for the early (in relation to 1985) establishment of the "new party." But everyone seems to agree that Eanes should not assume a direct role in the establishment and development of the new party while he is president of the republic. Some factions among the general's supporters believe that a "partial" form of party activity would be possible for the president of the republic. Recognizing that the economic situation is rapidly deteriorating, that the text of the new constitution represents a clear departure from the context within which he was elected, that the existing party spectrum is incapable either of governing or of achieving the desired stability for our democratic institutions, the president would leave the door open for the establishment of a new political force, which would emerge in such a way that its association with the president would be practically automatic in the course of the coming months. The advocates of this solution believe that such a party would not be "Eanist," both because Eanes would have no direct affiliation with it, and because its goal would not be to guarantee the continuation of his political career. Its objective would instead be to establish a force to support the president of the republic, making preparations meanwhile for any emergency.

This emergency might at any time be the dismissal of the cabinet and the convoking of early elections, in which this new force could compete under favorable conditions, advocates of the idea say. Even if there were no recourse to dismissal of the cabinet and dissolution of the assembly, this group would already be able to participate in the general elections in 1984.

One of the defenders of this thesis says that "This would without a doubt be an electoral force indispensable from then on to the definition of the regime."

Third: Resignation and a New Party

The weak point in this solution is pointed out by other factions which could perhaps more strictly speaking could be called "Eanist." There is no guarantee that the support which can now be detected in a large part of Portuguese society for Gen Ramalho Eanes can be transferred to a party in which he is not directly active. "The issue of support of Eanes will dictate the 'chances' of the new party to a great extent," one advocate of this solution says. "What seems to be the case is that people are still fearful of acknowledging that we are faced with a new political situation. It is no longer a matter of the credibility which the parties have lost, nor even only the discontent with our present politics, but rather a positive dynamics demanding something new and embodied in General Eanes."

In the view of these people, any new party solution which is not directed or personally sponsored by Eanes would be condemned to failure. Eanes would be not only the adhesive which would cement diverse intentions, but also the standard-bearer of a new "political morality," which is being demanded in diffuse fashion by broad sectors of Portuguese society. Beyond that, on the symbolic level, Eanes is seen as providing a large part of the leftist electorate today with the sole point of reference to 25 April with enough credibility and political strength to govern.

Some of the defenders of this plan propose a dramatic break with the present party structure. When the constitution is promulgated a few days from now, they would have Eanes address the country in a simple and direct speech, to show, through an a+b formula, that it would be impossible for him to continue as president. He would in such a statement resign, state the name of his candidate to succeed him, announce the creation of a movement he will head to support this candidate, and depart calmly for his home in Madre de Deus.

This solution, in the view of others, would have three major shortcomings. The first would be that it would push the issue of the candidate to the foreground. Now Eanes does not yet appear to have a clear idea who this would be, and from the range of possibilities available to him, it is reported that the president has had some refusals. Secondly, although it would be possible to reactivate groups which have functioned in the recent past (those in the CNARPE, naturally), it does not seem clear that this would be possible within a very short time. And finally, the effect on his own image if Eanes were to resign cannot be foreseen, apart from the fact that this would reduce his institutional weight. It is more "profitable" to provoke a crisis from Belem. The advantage won over the parties in this surprise move might be ingloriously lost.

Fourth: A Postponed Decision

There remains another possibility, possibly a more credible one. The president would inform the country of the reasons why the constitution he is promulgating seems to him to violate the framework within which he was elected. He would explain that he is nonetheless promulgating it because it is the product of the legitimate will of a legitimate assembly. He would remind the people that the majority parties have always said that they could not put their program into practice without a constitutional revision. He would point out the serious economic, political and social situation in which the country finds itself, and he would voice the conviction that, with the new constitution, the parties (particularly the majority parties) will cease to have any alibi for not governing well. He would then establish a period in which the majority must resolve the country's most serious problems within the new constitutional framework. The president would reserve for himself the right, at the end of that period, to take action in whatever way he saw fit.

How long a period might this be? Are the recent statements made by Vitor Alves, acknowledging that the dissolution of the assembly might occur "toward the spring" an answer, although indirect, to this question? And would the president limit himself to sponsoring the establishment of a new party, dismissing the cabinet later? Or would he resign from his post, hastening the institutional clarification which many believe is needed?

Fifth: What About the Parties?

"The only way of blocking the establishment of a new party would be the PS/PSD cabinet solution," a source close to the president of the republic told us this week.

Limited though the value of the available polls might be, they show that a party sponsored by the president would garner a large part of its support in the PS sector, and also in areas generally controlled by the PSD. But there are other indications: The recent resignation of the civil governor of Aveiro, Raimundo Rodrigues, who was elected by the PSD, with the statements he made at that time, to a great extent in favor of political-party intervention by the president, and what we were recently told by an independent PS leader who believes that "Eanes must act, and soon," suggest that the two parties which would surrender the most to the new political group might be precisely those which, at least arithmetically (and in terms of the results of the most recent elections), have the greatest potential for establishing a (new) stable majority.

It is known that, in demanding the dissolution of the assembly, it is obviously of such a possibility that Mario Soares is thinking. Social-democratic sources, some of whom foresee a speedy and violent death for the Democratic Alliance, have stated this openly. And yet...

However, Soares continues to reject any pre-electoral compromise. Now some observers feel that a considerable portion of the potential supporters of the

Eanist party are tired of waiting for the two main Portuguese parties to reach agreement on a cabinet solution. This is an appeal to a broad center-leftist sector included in the Eanist definition of a "new party"--as if to indicate that it is needed in order to put in power a sociological and political majority which has never made itself heard.

No solution of this sort seems possible, however, in the short run. First of all because Soares insists on prior elections, and secondly, because the PSD congress, the only level on which a strategic change of this sort could be approved, will not be held until January, and finally, because the PS itself is not theoretically to hold its congress until March.

Given this picture, the possibility that a future new party would lose a large part of its reason for existing (if it were conceived solely to provide a new visage for the same party dynamics) seems to be blocked.

The worst of solutions, for the PS as well as for the PSD, would be a major acceleration of the process of establishing the new party, which would leave both coping with internal wounds, perhaps suddenly reopened. In both cases, the opposition to the socialist and social-democratic party leaderships would not fail to point to the establishment of the new party as a result of the "incompetence" of Mario Soares and Francisco Balsemao.

Acceleration of the process of establishing the new party is only of interest, for the time being and without reservations, to the CDS [Social Democratic Center Party]. Freitas do Amaral believes that the party should emerge quickly, before the arguments among the various factions making up the "Eanist galaxy" can block the possible success of the party.

Does this mean that the Christian democrats view the creation of a new party favorably? Without a doubt: The fact is that they can only gain thereby. A strong presidential party, whether Eanes remains in the presidency or whether he resigns, would place the party issue in the field the CDS prefers--allowing it to radicalize and take advantage of the center-rightist and right-wing voters disillusioned with the PSD. In the short run, it would also prevent the PSD/PS alternative from being implemented. Furthermore, if certain factions gave it electoral support, the CDS might grow into the second largest Portuguese party, becoming the focus for all opposition to Eanes and "his" party.

And if the president deemed it essential to resign his post in order to establish the party, it is difficult to visualize the emergence from the dominant majority of any candidate for the presidency, other than Freitas do Amaral, with the credibility to challenge the candidate supported by the outgoing president.

Would a new party, a strong one to boot, push the CDS toward the right? Possibly. But, according to centrist leaders, it would contribute to the definite strengthening of the party. And knowing that the sympathies of the Christian democratic voters would only be transferred to an Eanist party,

even if specifically center-leftist, to a very limited extent, the "drain" on the center sector would be limited to a few leaders. "The internal situation would even be clarified," a centrist source told us this week.

There remains the PCP [Portuguese Communist Party]. Recently, Alvaro Cunhal was willing for the first time to speak of "independents" as an alternative to the establishment of a power bloc, while at the same time stating that the establishment of a new party would not be a surprise. The communists might hope for some qualitative victories if the new party were to play a determining role in the distribution of power in Portugal. By "qualitative victories," we mean here a moderation of the pressure which, particularly on the level of the state apparatus, has been exerted increasingly on its members, excluding them from the decision-making and/or information centers.

The price of this victory (temporary gains thus achieved) would be paid by the PCP in terms of the loss of a substantial part of the APU [United People Alliance] voters, just as they abandoned it for the FRS in 1980, or to a slightly greater extent. This is a rather unstable, although clearly leftist-oriented, group of voters. What would prevent these people from voting for a party sponsored by Eanes of a socialist and democratic inclination?

These are the possibilities. The constitution, or rather the process of its revision, was the factor which put this whole universe of conjecture into motion. But to say that the establishment of a new party is only one step beyond the promulgation of the "new" constitution would seem an exaggeration. "It is necessary to wait until conditions mature," one of the president's colleagues said this week. Only there are two factions where this is concerned among the advocates of a new party: those who think that the "boiling point" has not yet been reached, and those who fear that with too long a wait, the fruit will rot and drop from the tree.

5157

CSO: 3101/58

CONSTITUTIONAL REVISION MAY ENHANCE LEGISLATIVE ROLE

Lisbon O JORNAL in Portuguese 6 Aug 82 p 5

[Interview with Antonio Arnaut, socialist deputy for Coimbra; date and place not given]

[Text] "This constitutional revision is placing emphasis on the parliamentary component in the government." This comment was made by the socialist deputy for Coimbra, Antonio Arnaut, when he discussed the constitutional revision, a process which is coming to an end, with O JORNAL this week. Arnaut is particularly critical of the changes made in the organization of the political authority and in constitutional control, and he believes that the elimination of the Council of the Revolution, as it was determined, "is a serious insult to the prestige and dignity of the council and its members."

O JORNAL: What can you say about the constitutional revision on balance?

Antonio Arnaut: It is still too soon to make an assessment, among other things because the merit of the revision or lack of it will depend basically on the way in which the government leaders interpret and implement the constitution. We must bide our time. In any case, and despite the concessions made by the PS [Socialist Party], which although it could have headed the revision, resigned itself to a secondary role, the constitution basically retains the major values of the 25 April movement: the basic rights and freedoms, social rights, the irreversibility of nationalization and the prospect of transition to socialism, through deepening political, economic, cultural and social democracy.

[Question] Are you then in agreement with this revision?

[Answer] Not entirely. I think that the constitution was unnecessarily stripped of a certain progressive content dear to all democrats. However where my disagreement is greatest--and for this reason I did not vote in favor of these changes--is in the portion pertaining to the organization of the political authority and constitutional control. This is in fact, as the right wing well understood, the decisive portion, since if basic rights are important, the way in which the political authority is exercised and supervised is even more important, because the actual recognition of citizens' rights depends upon it, in practice.

It is in this respect that the polemic issues exist with regard to the authority of the president, the double responsibility of the cabinet, the Constitutional Court and the Council of the Revolution.

Now in my view, the authority of the president has been reduced, and more than that, since he can only dismiss the cabinet under exceptional circumstances; he does not appoint any member of the Constitutional Court, and the prime minister will no longer be politically responsible to him, which means that the cabinet will not depend on the political trust of the president, as is the case now. This confirms the prophecy of my comrade, Mario Soares, who urged the limitation of the authority of the president of the republic in an interview granted to the German newspaper DIE WELT in December of 1980.

[Question] You do not agree with these changes, then?

[Answer] Obviously I do not, as I have always said, not only because I regard them as a threat to democracy under the present circumstances, but also because I think that the agreement between the PS and the PR [president of the republic] was not respected, and the parliamentary component of the government is even emphasized. It was for this reason that I did not vote for these changes, keeping the promise I made publicly not to vote in favor of them, but not to violate party discipline either.

[Question] What about the Constitutional Court?

[Answer] I believe that the solution adopted is not a suitable one for this body which is so important to democratic legality. It is the AR [Assembly of the Republic], and therefore the parties, which designate, directly or indirectly, all of the members, although by a two-thirds majority. This may involve a serious risk, either that the establishment of the court will be blocked or that there will be cloakroom negotiations to achieve that majority. Moreover, all of the parties regard the solution as a poor one. What I do not understand is why the parties (particularly the PS) did not resist the temptation of a hasty revision, but agreed to a compromise which they themselves criticized. A body such as the Constitutional Court should be nonpartisan. But my greatest reservations have to do with the way in which the CR [Council of the Revolution] was eliminated, as a result of the AD [Democratic Alliance]/PS agreement.

[Question] What is the reason for these reservations?

[Answer] It is my personal opinion that the CR, for the elimination of which I voted, should have been kept functioning until the bodies which will replace it (Constitutional Court, Council of State, and Higher National Defense Council) are operational. There are juridical-constitutional, historical-political and even moral reasons for this.

From the juridical-constitutional point of view, I do not believe there is justification, on the simple legislative technical level, for eliminating a sovereign body prior to the establishment and operation of the bodies which will replace it. Thus the solution adopted reflects a real aberration,

aggravated by the fact that a transitional period of indefinite duration has been created, during which the PR has the right to veto legislative credentials as unconstitutional, thus functioning as a constitutional court. The intention was to harass the Council of the Revolution and to create yet another reason for institutional guerrilla warfare.

In historical-political terms, I believe that this solution is a serious insult to the prestige and the dignity of the CR and its members, assuming the aspect of a political action inconsistent with its historical-revolutionary legitimacy and the April Revolution itself, without which there would be neither legitimacy nor democratic legality. The early elimination of the CR, under the known conditions, represents an unjust dismissal and violates the MFA [Armed Forces Movement]-party pact, the indisputable intent of which was that the transitional period would only end with the transfer of the powers of the CR to the bodies which would replace it.

Finally, there is a moral imperative, because the reasons briefly set forth should demand of all democrats and anti-fascists, particularly the deputies endorsing the spirit of 25 April, greater respect and recognition of the military, represented by the CR, who made 25 April, the end of the colonial war, freedom and democracy--in brief, the right to a hope for a better future--possible.

It is because of this ethical-political aspect, for deep reasons of conscience and because I am convinced that I am voicing the feelings of the socialists, that I could not vote in favor of the norms for transition calling for the CR to cease functioning before the bodies which will succeed it are established. This is the modest homage paid by a democrat to the sovereign body which throughout these disturbed years has been able to honor its commitments, guaranteeing the regular functioning of our democratic institutions. It also represents homage to the military officers who, along with the people and the progressive forces, ousted the dictatorship and reestablished freedom for the Portuguese people.

[Question] Would you like to state your opinion about the "new party" about which there is so much talk?

[Answer] Well, I have no objection to the formation of new parties or movements, because this is natural in a democracy. But if the concept of a new party is linked with a presidential initiative or support by the president, I sincerely think that the president as such should not have a party commitment. Where I am concerned, I am very proud to have been a founder of the PS. And what is needed, rather than a new socialist party, is a renewed Socialist Party. One with another strategy, another political practice, other leadership.

5157
CSO:3101/57

PDP, PDL WORRIED ABOUT UCD, DIFFER ON COALITION WITH AP

Madrid EL PAIS in Spanish 25 Jul 82 p 12

[Article under general heading: "Reorganization of Center Right" comprising two source-related articles: "Oscar Alzaga Rejects Accusations of Reactionism" and "Garrigues' Party Postpones Decision On Election Coalitions"]

[Text] With a strange coincidence of meeting dates adding to the similarity of their signs, Oscar Alzaga's PDP [People's Democratic Party] and Joaquin Garrigues' PDL [Liberal Democratic Party] both held national "summits" yesterday centering on the same concerns: Preelection coalition policies and the crumbling of the UCD [Democratic Center Union]. Whether or not to enter into a coalition with Manuel Fraga's AP [Popular Alliance] has been the main topic of debate over the past several weeks within the recently formed PDP and PDL, which, despite the acknowledged "good understanding" between their leaderships, appear to differ in their policies on this question. Another particular common to them is their anxiety to know the final outcome of the present conjuncture within the UCD, on which the PDP's as well as the PDL's electoral prospects depend to a large extent.

Oscar Alzaga Rejects Accusations of Reactionism

With an indignant rejection of all accusations of reactionism and with a pointedly zealous defense of the need to enter into a coalition with the AP, Oscar Alzaga opened yesterday his PDP's first convention. Some 400 party members, including a total of 21 members of Parliament who not long ago belonged to the UCD, applauded roundly when Alzaga stressed the need to form a large coalition to prevent a socialist victory.

"Aware though we are of the difficulties of a broad coalition with the AP and with other kindred and democratic forces, devoid though we are of any complications in our past, and fully confident though we are in ourselves, the most elementary sense of realism and of respect for the value of the votes of our constituents requires us to flesh out a broad electoral coalition," said Alzaga in the

presence of Fraga's, Alfonso Osorio's and Ricardo de la Cierva's "special envoys." Later, talking with reporters, Alzaga acknowledged that such a relationship with the AP "is not an idyllic one, but rather a pact of convenience," and he referred to the required election law.

Following a brief presentation by Deputies Modesto Fraile and Julien Guimon, and after the chairman of the convention, former Minister Jose Manuel Otero Novas, had declared the convention officially opened, Alzaga began his speech with inevitable references to the UCD, of which most of the attendees were former members. "The end of the transition has coincided with the wasting away of the UCD," he said, going on to enumerate the various failures of the UCD government owing to what he called a policy of "perpetual improvisation": The lack of agreement to institute private TV or to draw up a statute for public TV; failure to reform the Administration; failures in the implementation of schooling allowance and family allowance policies, and failure to contain the public deficit. His speech, however, which obviously was not meant to offer an alternative governmental platform, did not enumerate the PDP's proposed resolutions of those failures, limiting itself to promising "a concrete and effective response" to the problem of unemployment.

To draw up PDP's specific responses to the many failures listed, various working parties were formed, which met briefly yesterday.

Combating Socialism

"The irreversible downward plunge of the UCD--the speed of which is unprecedented--can open the way to a system of parties under a PSOE hegemony, against which no rival with the needed potential exists today," Alzaga emphasized. "The absence of a sufficiently great political force to counterbalance that of the PSOE represents an extremely dangerous destabilizing factor for democracy, which is a system that, at the very least, must incorporate within itself two real options. Arrayed against the PSOE there cannot be allowed to be a mere magma specialized in dodging problems and capable only of coming up with internal agreements of an epicene nature.

"In contrast with our position, we come up against the reiterated negatives by some to participation in a coalition, an attitude that concretely facilitates a victory of the PSOE, with which there are possibly already those who are planning a postelection agreement," said the leader of the PDP with obvious reference to other attitudes within the UCD.

He defined the PDP as a party that finds inspiration in a "Christian humanism, and that is openly aconfessional in its conduct, notwithstanding that most of the members of its operating board have belonged at some time in their political careers to different avowedly Christian democratic sectors. Many of them, such as ex-Ministers Eduardo Carriles and Andres Reguera, or former member of the UCD Jose Luis Ruiz Navarro, are considered to be close to the former vice prime minister of the government, Alfonso Osorio, who is today on the board of the AP, but who yesterday attended the opening of the convention. Also present was a represen-

tative of Garrigues's PDL, with which leaders of the PDP affirm they maintain "close relations," although the PDL leaders affirm that "they do not share the strategic views" of the PDP.

Garrigues' Party Postpones Its Decision On Election Coalitions

With a vague resolution on possible preelection coalitions, implying, however, a certain rejection of an alliance with Manuel Fraga's AP, Antonio Garrigues Walker's PDL concluded its Constituent Assembly yesterday.

The "draft political strategy," approved at the conclusion of the session by the almost 300 attendants, affirms the PDL's intent to take part in the forthcoming legislative, municipal and self-governmental elections, holding to a progressive liberal party line. "The PDL expresses the view that, in the present circumstances, a political force is needed that will offer Spanish citizens a clearly differentiated option between the conservative Right and the socialist Left," the cited draft strategy reads.

Nevertheless, the political map being still undefined as a result of the UCD's continuing crisis and the lack of a set date for the elections--Garrigues considers it "within the realm of possibilities" that the legislature may yet complete its normal term--the PDL has opted for postponing till October its decision as to possible coalitions with other parties. That is when the PDL will be holding its constituent congress and it is hoped that by then the current situation will have been clarified.

A Progressive Body of Opinion

"Without prejudice to the foregoing agreed view, the assembly of promoters of the PDL expresses its view that any coalitions such as might be entered into must neither mortgage nor compromise the PDL's identity as a progressive ideological body of opinion," the draft political strategy concludes. This statement embodies the sum and substance of the debate throughout the 1 and 1/2 days of the Assembly. Garrigues himself, in a press conference at the end of the meeting, said that no one had expressed an outright favorable view of a coalition with Manuel Fraga, whereas interventions against it did, on the other hand, take place.

For this reason, Garrigues said, and despite the evident points of similarity between the PDL and Oscar Alzaga's PDP, his own group holds "substantially different" strategic policy views from those of the PDP. These differences obviously refer to the intent expressed by Alzaga of reaching a coalition with the AP.

For the rest of it, the top PDP leader asserted that the evident similarities in the names of the PDP and PDL and the fact that they even held their "summits" on the same day are merely a "coincidence."

Cooperation With the UCD

With a not too auspicious launching that has not quite lived up to its leader's confidence in "political marketing" techniques--amidst the attendance of relatively few representatives of liberal clubs and the giving away of shirts with the inscription "I Am a Liberal"--the PDL "does not as yet have its financing assured," according to a confirming statement by Garrigues, who, even so, advocates "running the risk" of undertaking the launching of a political party.

This launching is to begin next week, when Garrigues will be immersing himself already as of now, "beach to beach," in the election campaign.

Garrigues did not sidestep any issue, including the rumors of his inclusion in a UCD government. "The idea of cooperating with the UCD is not a dead issue, although the question remains as to which UCD one will be negotiating with: A UCD with Suarez, one without Suarez...? In this fluid situation, nothing, technically speaking, is impossible. I would honestly accept an offer of a portfolio, but not from the standpoint of personal ambitions and, of course, only provided the survival of the PDL is guaranteed."

Personally--said Garrigues--he would prefer to form a federation of political forces of the Center rather than a "Portuguese-style" coalition, with the aim of creating a conservative bloc: "I don't believe the leadership of that federation of parties would pose a major problem."

An important issue addressed by the Assembly was that of the "parliamentary liberals," that is, those who are still members of the UCD but who are nevertheless not hiding their friendliness towards Garrigues's party. Figuring among them are Valencia's Deputy Joaquin Munoz Peirats and the leader of the UCD Parliamentary Group in the Senate, Luis Miguel Enciso, neither of whom put in an appearance at the hotel where the Assembly was being held. The president of the PDL seemed particularly interested in emphasizing the "high degree of cohesion" that exists among all liberals. He was pointedly careful to say, not without a certain ambiguity, that "They have a right to remain in the UCD," following this up, however, with words to the effect that a "collective operation," possibly of abandonment, might be taking place within the next few days, although "I do not have the impression there will be a mass exodus."

Attending the Assembly were ex-Minister Eduardo Punset, UCD member (still) Julio Pascual, and economist Pedro Schwartz, as well as faces more familiar to a mainly young constituency but politically unknown.

9238

CSO: 3110/188

PDP BASQUE DEPUTY CRITICAL OF SEEMING IMPOTENCE OF GOVERNMENT

Bilbao EL CORREO ESPANOL in Spanish 15 Aug 82 p 14

[Interview with PDP Deputy Julen Guimon by Eduardo Catania; date and place not specified]

[Text] "I think that I have returned to my political origins, in a popular party inspired by Christian humanism."

This is Julen Guimon's explanation, after having left UCD [Democratic Center Union] to join the Popular Democratic Party (PDP).

He added: "PDP is strictly nondenominational, but I consider it quite legitimate to uphold political principles based on Christian-inspired humanism. This is not the time to resurrect Christian Democratic Parties in the strict sense, but there will always be a political area for one that is inspired by those basic principles of personalism, and that does not believe in collectivization nor the class struggle or that of peoples among each other, but rather in the supreme dignity of the human person.

The Political Center

[Question] Apart from this personal situation of yours, how do you view that of the Spanish political center in general?

[Answer] The government party has lost one parliamentarian to the Catalanian Minority, and another to the Andalucian Socialist Party. One senator has declared himself an independent; another deputy has formed his own Andalucian group; seven deputies have gone over to the Democratic Action Party headed by Fernandez Ordonez; 26 parliamentarians have helped to create PDP, with three former ministers and many other prominent persons; and, at the present time, a major shift is taking place, which has not ended yet, with parliamentarians and other leaders joining Adolfo Suarez' CDS [Social Democratic Center Party].

[Question] Could this situation that we might term a "scattering" entail a danger or threat to the continuity of the Cortes?

[Answer] Insofar as the PDP parliamentarians are concerned, among whom I am included, we have offered to support the government, and we shall keep our word until the end of the legislature.

[Question] Does this mean that you will put your seats at UCD's disposal?

[Answer] The lists are not circulating at present, and therefore if a deputy resigns, the seat will remain unfilled according to the electoral law. In any event, if the president of the government prefers to keep my seat vacant rather than have it occupied by me, he need only notify me of it.

Reason for the 'Scattering'

[Question] Returning to this desertion that has occurred so often among the UCD politicians, to what do you think it could be due? What is your opinion in this respect?

[Answer] The first ones to leave UCD have been the electorate. For our part, we have exposed the situation and the failure to fulfill the electorate's expectations for over 2 years, in the critical movement, the moderate platform, etc. We were not heeded, and we had no solution other than to form our own party. We placed our hopes in Calvo Sotelo, who is an honest man; but the party forced him to form a left-of-center government to cancel out Fernandez Ordonez and to prevent more parliamentarians from leaving to join his party. Calvo Sotelo was not a UCD "baron" and the party's battles have eliminated him. Unfortunately, he is now shipwrecked in the "alphabet soup."

The New Parties

[Question] You mentioned Fernandez Ordonez. What is your view of his party?

[Answer] In my opinion, the only future for Ordonez' Democratic Action Party is to be absorbed by PSOE [Spanish Socialist Workers Party].

[Question] And Suarez' CDS?

[Answer] Adolfo Suarez' Social Democratic Center seems to be a return to the old Spanish tendency toward strong-man government. Moreover, Suarez seems to want us to be gullible, when he stresses something as obvious as the supremacy of the civilian authority. The coup d'etat was plotted and carried out when Suarez was president of the government. He neither detected it nor stopped it. The one who took the chestnuts out of the fire was not he, but the king.

[Question] Tell me about the UCD liberals.

[Answer] At the present time, the liberals remaining in UCD seem to be the poor relations of the residual conglomerate of that party. The plan of Antonio Garrigues seems more reasonable to me. I don't deny that I, personally, would like to be able to reach a preelectoral agreement with the Liberal Democratic Party, as well as with AP [Popular Alliance]. They will make their decision at the congress that they will hold at the end of September. If they decide to run in the elections alone, I am afraid that they will suffer a resounding defeat, and that the liberal ideology will have been lost in Spain for many years, which would be unfortunate.

[Question] All that is lacking, Julen, is for you to discuss your departure, that of the Popular Democratic Party. I am referring to what you have called the UCD "scattering."

[Answer] PDP is a moderate party, inspired by Christian humanism, which wants to construct all over Spain a right-of-center similar to that in Portugal, France, etc. It cannot be believed that UCD can guarantee freedom of education at the present time, for example. The financing law failed because our colleague in PDP, Otero Novas, was dropped from the ministry.

The "Christian Democrats" who succeeded him in the ministry were used as an alibi to make a pact with PSOE.

[Question] And what about your coalition with Popular Alliance?

[Answer] I am a member of the five-member commission that will negotiate the future electoral coalition with AP. Each party will retain its identity, but we shall submit single lists throughout all of Spain, and we shall devise a pact for the legislature and the government. The agreements are complex, and have not been finalized; but I trust that they will be within a reasonable period of time. Contrary to what is believed, the electoral lists are the final point in the agreements, and, understandably, they will not be closed without first consulting the local AP and PDP committees.

[Question] What do you expect from that coalition?

[Answer] It will unquestionably be productive for us, for AP and for all Spaniards.

[Question] There is no doubt that with this coalition you are assuming a position on the right, and you yourself have stated before that you are forming a right-of-center party. Is an unadulterated political center non-existent?

The Unadulterated Center, a Fancy

[Answer] The unadulterated center is a fancy, like the philosopher's stone. In the Basque Country, it is even more so: it is a metaphysical impossibility, given the complexity of its political spectrum. Nevertheless, I don't think that the Basque Country is so different or so distant from the rest of Spain. The fact is that we are living with a permanent coup d'etat. Every municipal decision refusing to invite the king or naming streets for terrorists, etc., and many demonstrations of the Basque Government, defiant actions and insults of the privileged deputies, etc., are coups of the institutions against the state of law. Liberty is being assassinated in the Basque Country. Here, there is more fear than liberty; ETA [Basque Fatherland and Liberty Group] is in command more than the government. Liberty is indivisible; if it dies in the Basque Country, it will die all over Spain.

[Question] Mention has been made of Areilza and others who might head electoral lists in the Basque Country. What about that?

[Answer] I, personally, think that the Basque Country deserves Basque candidates. Politically speaking, we Basques are the children of this land, who work here,

live here and educate our children here. I don't think that the Basque problem can be solved by visitors or guests, regardless of how illustrious they may be.

Incompetent

[Question] Since you mentioned it a few moments ago, how would you judge the endeavor of the Basque government and that of the consecutive central governments?

[Answer] Actually, it is not that the Basque government lacks competence; it is incompetent. Many of its members give the impression of being a group of newly ordained priests acting as archbishops. As for the policy of the central governments (we have had two presidents each in various governments), in the Basque Country it has resembled a carefree toboggan sliding at a fast rate; meanwhile, "all is going well," as the suicide said while passing the second floor.

[Question] One of the problems in which the central government and the Basque government have gone "hand in hand" is that involving Lemoniz. What do you think of the policy that is being carried out?

'Scoundrel'

[Answer] Lemoniz is the most obvious example of this incompetence. It is a Pharaonic monument to the state's impotence. If the state fails with Lemoniz, it will have failed to discharge the first mission of any state, which is to guarantee peace and order. There must be a denunciation of the Lemoniz agreements of 22 March of this year. The Basque government did not provide the "political cover" that it had promised. At the time, I said that either ETA had deceived the Basque government, or the latter had deceived the Spanish government. For this reason, the "lehendakari" called me a "scoundrel." I am confirmed in what I claimed, and even more so, because it is now clear that ETA deceived the Basque government and, furthermore, the latter deceived the government of the nation. The Ministry of Interior, which is responsible for security, was dissociated from the Lemoniz pacts, although perhaps it does not dare admit this now.

[Question] And what do you think of the solution that they are attempting to apply?

[Answer] One of the solutions being bandied about consists of having each hydroelectric company purchase a part of Lemoniz, to alleviate Iberduero's burden; it is like distributing the revolutionary tax among the hydroelectric group. It seems to me to be an unacceptable method. In this, as in the other crucial matters, the governors, the Basque deputies or even the Basque ministers were never, or almost never, heeded. At least they claimed this at the time, and I don't think that they were lying.

Oreja's Desire

[Question] A few moments ago, we discussed your coalition with AP for the forthcoming general elections. However, you may recall quite well that Marcelino Oreja has said that a single list would be fitting in the Basque Country, with UCD in a coalition with AP. Isn't there a contradiction in this?

[Answer] The problem isn't ours, but rather one for UCD, which does not seem to have reached agreement itself. In fact, there have been some obviously contradictory statements. Calvo Sotelo himself has claimed that the national political council did not approve the UCD coalition with AP, not even in the Basque Country. That same thing seems to be inferred from repeated comments by Landelino Lavilla. Besides, not everyone outside of UCD is agreed to proceed toward a hard confrontation with UCD in 47 provinces, and toward a loving coalition in the three Basque ones. Insofar as we are concerned, I, personally, do not see any obstacle to the negotiation of a coalition with UCD on the national level, or on the Basque level, if that decision is made by the heads of AP and PDP. The only thing that I, personally, would require is that it be made clear that we do not intend to obtain votes from the right to be given as a gift to the left; and that would happen if we should remove a UCD deputy so as later to form a coalition with PSOE.

[Question] We have already quoted Marcelino Oreja. I think that I recall Jesus Maria Viana and other politicians criticizing the appointment of his nephew, Jaime Mayor Oreja, as a government delegate. Are you included in that criticism?

[Answer] The criticism that you mention has been more one of form than one of essence. It appears to be basically an aesthetic matter. In any event, under the present circumstances in the Basque Country, I consider the government delegate to be like an old Basque special institution: the corregidor. Would that Jaime Mayor could act as a real corregidor, and not as a chamberlain. I sincerely wish it were so.

LOAPA

[Question] When we are faced with a paralyzed law, LOAPA [Organic Law for Harmonization of the Autonomous Process], awaiting the decision of the Constitutional Court, AP is talking about reforming the Constitution, or at least it has been accused of this. What is your position in both instances?

[Answer] I have already expressed my reservations and my agreement concerning the autonomous pacts and LOAPA in the General Juntas, some time ago. What I want to stress is that I shall never accept blackmailing the state, as proposed by the nationalist town councils. At the present time, it is proper to be silent and to abide by the decision of the Constitutional Court. In any event, all the uproar over LOAPA is aimed at raising a smokescreen to conceal the two grievous problems of the Basque Country: terrorism and the socioeconomic collapse, the dreadful increase in unemployment, the complete absence of investment, etc.

Reform

[Question] What can you tell me about the reform of the Constitution?

[Answer] All my life, I have defended a state of law based on the people's sovereignty, which establishes the rights and liberties of the individual. I shall not lend myself to the curtailment of any type of individual liberty. However, there are some who talk about reforming the Constitution as if it were a crime; when the Constitution itself, in its 10th Title, establishes the possibility of a reform. Consequently, what is unconstitutional is precisely to deny the right

JPRS 81762

15 September 1982

West Europe Report

No. 2030



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

15 September 1982

WEST EUROPE REPORT

No. 2030

CONTENTS

ENERGY ECONOMICS

DENMARK/GREENLAND

- Oil Drilling in East Greenland Seen Only After Ten Years
(GRONLANDPOSTEN, 11 Aug 82) 1

GREECE

- Probable Oil Find In Orestias Reported
(TA NEA, 21 Aug 82) 2
- Ipeiros Oil Drilling
(I KATHIMERINI, 20 Aug 82) 4

ICELAND

- Domestic Energy Gains Ground
(NEWS FROM ICELAND, Sep 82) 5

ECONOMIC

FRANCE

- Effect Of Price Freeze On Domestic Market Recovery Studied
(LES ECHOS, 28 Jun 82) 6
- CFP Wants Out Of Petrochemicals, Delays Chemical Restructuring
(Ralph Back; LES ECHOS, 82 Jun 82) 8
- Briefs
- Petrochemical Contract With Nigeria 11
 - Technip Contract in Yugoslavia 11
 - Usinor, Sacilor Split SNM 11

ICELAND

Paper Comments On Government's Crisis Package (Editorial; NEWS FROM ICELAND, Sep 82)	13
Economist Urges Less Government-Direction Of Business (Thrainn Eggertsson; NEWS FROM ICELAND, Sep 82)	14
Government Announces New Economic Package (NEWS FROM ICELAND, Sep 82)	16

SWEDEN

Briefs	
Unemployment Expected To Increase	18

TURKEY

Key Areas In Turk-Is, Government Talks Noted (Sukran Ketenci; CUMHURIYET, 1 Jul 82)	19
Customs Duties Undergoing Review (CUMHURIYET, 3 Aug 82)	21
Ulagay Contrasts Ozal, Kafaoglu Approach (Osman Ulagay; CUMHURIYET, 2 Aug 82)	23
Post-Ozal Survey Of Problems, Expectations Made (Osman Ulagay; CUMHURIYET, 20-21 Jul 82)	25
Sevig Looks To Economic Future, Particularly Agriculture (Vecdi Sevig; DUNYA, 26 Apr 82)	28
Sevig Eyes Tax Audit System Shortfalls (Veysi Sevig; DUNYA, 1 May 82)	30
Kusculu Letter Given As Sample Of Employer Mentality (Halil Tunc; MILLIYET, 2 May 82)	32
Use of Istanbul Industrial Capacity Rises Sharply (CUMHURIYET, 22 Apr 82)	35
Pendik Shipyard Goes Operational (CUMHURIYET, 2 Jul 82)	37

POLITICAL

INTERNATIONAL AFFAIRS

Briefs	
Pan-Eskimo Journal Established	39

CYPRUS

- Turkish UN Flurry In Light Of Greek-Cypriot Moves
(CUMHURIYET, 5 Aug 82) 40

FINLAND

- Article Examines Prospects Of SKDL Moving Toward Right
(Erik Bagerstam; 7 DAGAR, 13 Aug 82) 42

GREECE

- Commentary On Future Of KKE (Int.)
(Vasilis K. Paikos; TO VIMA, 27 Jun 82) 46
- Views, Comments Arise From Moratorium With Turkey
(ELEVETHEROTYPIA, 24, 25 Jul 82; RIZOSPASTIS,
25 Jul 82) 51
- Caution Must Be Exercised, Editorial
Situation Appraised, by Str. Zakhariadis
U.S., NATO Arbitration Rejected, by Lambros Petsinis
- Commentary On Greek-Turkish Relations
(Arist-Manolakos; KYRIAKATI KI ELEVETHEROTYPIA,
27 Jun 82) 56
- Strikes Said To Foreshadow Crisis Of Confidence
(I KATHIMERINI, 27-28 Jun 82) 58

ICELAND

- Independence MP Gudmundsson Explains Opposition To USSR Pact
(MORGUNBLADID, 17 Jul 82) 62
- Independence Althing Group Chief Confident If Early Vote
(MORGUNBLADID, 24 Jul 82) 67
- Paper Views Possible Government Collapse Due To USSR Pact
(Editorial; MORGUNBLADID, 17 Jul 82) 71

PORTUGAL

- Presidential Options Under New Constitution Analyzed
(O JORNAL, 13 Aug 82) 72
- Constitutional Revision May Enhance Legislative Role
(Antonio Arnaut Interview; O JORNAL, 6 Aug 82) 79

SPAIN

PDP, PDL Worried About UCD, Differ On Coalition With AP (EL PAIS, 25 Jul 82)	82
PDP Basque Deputy Critical Of Seeming Impotence Of Government (Julen Guimon Interview; EL CORREO ESPANO, 15 Aug 82)....	86
Minister Explains How LOAPA Will Benefit Regional Autonomy (L.M. Cosculluela Interview; YA, 15 Aug 82)	92
Fraga's Natural Majority Strategy Not Yet Accepted (EL PAIS, 24 Jul 82)	97

TURKEY

Ozyoruk Examines Parameters Of Strong Executive (Mukbil Ozyoruk; TERCUMAN, 2, 3, Aug 82)	99
---	----

MILITARY

DENMARK

Increased Interest In Defense Among New Recruits Detected (Peter Bergen; AKTUELT, 17 Aug 82)	103
Defense Lobby Study Finds Drop In State Funds For Military (H. H. Mathiesen; BERLINGSKE TIDENDE, 27 Aug 82)	106
Paper Charges SDP Government Reneging On Defense Compromise (Editorial; BERLINGSKE TIDENDE, 27 Aug 82)	108

GREECE

National Defense Battalions Abolished (TA NEA, 12 Aug 82)	110
--	-----

SPAIN

General Del Yerro Denies He Will Run For Office Under AP Banner (Carmelo Martin; EL PAIS, 13 Aug 82)	111
Drive To Modernize Army Described (EL PAIS, 12 Aug 82)	113
Admiral Suanzes Describes Push To Modernize Navy (EL PAIS, 11 Aug 82)	116
Gen Garcia Conde Explains Role Of New F-18 Fighters (EL PAIS, 13 Aug 82)	119

OIL DRILLING IN EAST GREENLAND SEEN ONLY AFTER TEN YEARS

Godthaab GRØNLANDPOSTEN in Danish 11 Aug 82 p 13

[Text] So far there is nothing but noise and commotion in the area, which was occupied by the Joint Council late in July.

The normally quiet and peaceful Jameson Land in East Greenland has echoed in recent weeks with the muffled reports of underground explosions and earsplitting crashes from above-ground ones.

The joint council on mineral raw materials in Greenland looked late in July at the seismic test explosions and preliminary investigations and met the 40-odd people who are involved in the investigations, including state representatives and biologists, who are to check what damage to the environment the operations will entail.

Thus far the experts have had no occasion to report any irreparable damages. The explosions above ground, which take place ca. 1 meter above the ground, result in the leaves being burned off the low plant growth, but the biologists have found that the plants survive, because the root system is not damaged.

The underground explosions are set off in drillholes up to 40 meters deep, made by machines on rubber caterpillar tracks, traces of which can still be seen on the ground. The plants are pressed down, but without great damage.

The "echoes" of the explosions are registered at 36 "listening posts" that are set out in the area, and are compiled on computers so that they can be analyzed later.

The analysis will determine whether the method is applicable for further investigations. The further program includes two borings to a depth of 3,300 meters. Measurements will also be undertaken in these deep holes.

The experts say that oil production wells will not be drilled for 10-15 years.

This summer's activities are taking place in three "test areas," and the workers are housed in a temporary, modern camp near Michael Mountain, midway between test areas 1 and 2, which are in the extreme south of Jameson Land, while test area 3 is in the northwestern part.

Nordisk Mineselskab (Nordic Mining Company), which is partly owned by one of America's biggest oil companies, Arco, has invested 200 million kroner thus far in the exploration. The company is impatient to get a [remainder unavailable]

PROBABLE OIL FIND IN ORESTIAS REPORTED

Athens TA NEA in Greek 21 Aug 82 p 3

[Excerpts] There are good reasons to indicate that there is oil in the area of Orestias where the third drilling had reached a depth of 2,650 meters and is to be continued until it reaches 3,500 meters. At the same time the finding of oil and natural gas at Katakolon increases to a great degree the possibility of other, perhaps larger and immediately exploitable deposits both in the Ionian Sea as well as on land in Western Greece.

This was announced yesterday by Mr. Evangelos Kouloumbis, minister of Energy and Natural Resources who stated that:

"It is of fundamental importance to ascertain that today we have the capability to continue the exploration of our subsoil on our own. This evidence will have a definite influence on the way of managing our petroleum potential."

Mr. Kouloumbis emphasized also that a new legislative framework will be created for the exploration of hydrocarbons and that the negotiations with the Cooperative of the Northern Aegean for the revision of the relative agreement are continuing and he underlined:

"The areas which offer hope had been leased to foreign companies and the DEP [Public Petroleum Corporation] had been assigned areas of exploration which were both difficult and costly. For this reason the agreement of Shell for the Thermaikos Gulf will not become effective."

In the meantime the chairman of the board of DEP, Mr. And. Papathanasopoulos announced yesterday the program of intensive exploration which anticipates the following for 1982:

Geological research (Ipeiros, Aitolokarnania, Limnos, Khios, Rhodes).

Seismic research: Already a major part of an extensive program has been completed in the Ionian, Aegean and the waters of Northern Crete. There are four seismic laboratories operating on land (Ipeiros, Makedonia, the area of Grevena, Kefalonia).

Analysis and evaluation of geophysical data. Already an intensive effort of analysis and evaluation of the explorations listed above, with priority given to the areas of the Ionian, the Thermaikos Gulf and the Strymonikos Gulf.

A study on the advisability of the purchase of computers and programmers for analysis of seismic data is in its final stages so that the DEP will have, within the year 1983, the capability of doing its own analysis.

A department for the analysis of geophysical data is also being organized in order to make possible the utilization of a major bulk of data which remains unused. It is noted that this work was performed until now by foreign consultants at a high cost and with doubtful results.

Marine drilling. Already a drilling is in progress at Kylini 1 and a month later the drilling at Southern Kefalonia will begin. It is possible that, before the lease of the floating rig "Don Barrow" expires, another drilling in the Patraikos Gulf may be made.

Marine drillings will continue during 1983 after the evaluation of geological and geophysical data has been completed and there are previously designated locations. As Mr. Papathanosopoulos explained yesterday, a marine drilling costs approximately 100,000 dollars per day and requires great attention in the designation of its location, its priority and its importance to the overall program of exploration.

9731

CSO: 4621/492

IPEIROS OIL DRILLING

Athens I KATHIMERINI in Greek 20 Aug 82 p 7

[Text] Exploratory drilling to locate petroleum deposits was begun last Monday at the Lippa site of Ipeiros as announced by the Public Petroleum Corporation.

This drilling is the first in a series of three which will take place in Ipeiros and is of an exploratory nature as a part of the general program of geological research of Northern Greece conducted by DEP [Public Petroleum Corporation].

Also on the same day, there began to operate in Ipeiros the seismic laboratory. This exploration is also part of the general geological investigation of the region.

On the occasion of the beginning of the new drilling the management of DEP called attention to the misleading nature of a series of published reports of alleged finds of large quantities of oil and natural gas in various areas of the country.

(Editor's Note. It involves recent reports of the pro-government press which triumphantly presented the finding of rivers of oil while the DEP announced officially that they are not exploitable).

9731

CSO: 4621/492

DOMESTIC ENERGY GAINS GROUND

Reykjavik NEWS FROM ICELAND in English Sep 82 p 8

[Text]

In oil-equivalency terms, domestic sources accounted for an impressive 68% of total energy consumption in Iceland last year. The hydro component in that figure was reported as 41%, the geothermal one as 27%.

At the end of 1981, about three-fourths of the national population lived in geothermally heated housing — compared with 41% in 1970 and just 23% in 1960. The country's longest hot-water pipeline, approximately 75 kilometres with the major side branches included, was formally inaugurated early this year.

The first turbine of a new hydro station, located at Hrauneyjafoss (S-Iceland), went on stream in late 1981, boosting installed generating capacity by 70 megawatts, to some 780 MW — roughly twice what existed a decade ago. A second- and third-phase startups at the plant are expected before year's end.

Responsible for 53% of the aggregate energy use in the cited

terms were power-intensive industries, a market dominated by two SW-Iceland smelters (aluminium and ferroalloy). Petroleum products, supplied overwhelmingly by the Soviet Union, constituted 15.3% of 1981 imports. Sales of fuel oil for space heating plunged.

While the first steps toward systematic utilization of geothermal energy were taken in the early decades of this century, no big-scale harnessing project was undertaken until the early 1940s — when a 15-km pipeline was laid for a Reykjavik heating utility. The effort to tap this domestic resource has remained intense since the 1973 oil crisis.

Currently, 27 major geothermal installations are operating in Iceland. Most of them exploit so-called low-temperature fields and involve direct use of the water, but heat-exchanger technology is necessary in some cases.

EFFECT OF PRICE FREEZE ON DOMESTIC MARKET RECOVERY STUDIED

Paris LES ECHOS in French 28 Jun 82 p 4

[Article by J. M. L.: "The Price Freeze Will Aid the Recovery of Domestic Markets"]

[Text] "No international regulation forbids managements to buy French pencils," exclaimed Pierre Mauroy on Wednesday before the National Assembly. The theme of the recovery of the domestic market, in conjunction with the renewal of the enlarged public sector (10 billion francs in subsidies have been included in the 1983 budget), was on the agenda.

In any case, the best measure is called the competitiveness of firms. In particular, this assumes an overall economic policy favoring a relief of business costs. This is far from being the administration's solution, if you believe employer organizations.

A study by de Villepin, adopted by the general assembly of the Chamber of Commerce and Industry, summarizes opinion on this subject. The author first examines the theoretical options. "There are no technologically doomed sectors where it is not possible to increase productivity," estimated the Ministry of Industry. According to government statements, recovery goes hand in hand with the concept of industrial branches.

The diagnosis should also be based on fact. The increase of foreign penetration into France dates from 1959, paralleling the change in attempts to export. From 1959 to 1980, the penetration rate for industry went from 7.6 to 24.6 percent and the export rate from 14 to 27 percent.

Here are a few international comparisons. By taking the comparison of imports to supply as a whole (production plus imports), the United Kingdom went from 18 percent in 1960 to 27 percent in 1979; the FRG from 12 to 28.1 percent; and France from 11 to 22 percent.

Sectors

In professional durable goods, penetration has now reached 49 percent (in 1970 francs), which means that any renewal of investment is likely to put our trade balance in serious difficulty. The export rate is also very high (47 percent),

but this is for specific goods (telecommunications, nuclear plants) sold primarily to OPEC or Third World countries on very advantageous credit conditions.

For durable household goods the penetration is 44 percent, an increase due primarily from purchases from Italy. In particular, electroacoustics and videorecorders are rapidly expanding, which is cause for concern.

For popular consumer goods, penetration is only 25 percent, but the percentages are much higher for leather, shoes and textiles. "The same type of change is beginning for automobiles. In 1981, the cover rate was only 160 percent, whereas it was 251 percent in 1979."

The sectors which have done a good job resisting imports owe this to regulation (pharmaceutical products) or to significant intervention by the public authorities (arms, railroad rolling stock, ship construction). The food and agriculture sector has kept a good share of the domestic market. In intermediary goods, the penetration rate grew by 55 percent between 1973 and 1980 and has now reached 33 percent. (The decline concerns organic chemistry, threads, artificial and synthetic fibers and iron ore.)

In general, the change in the import-export balance in comparison to the domestic market shows that gains have been made in the metal-machine sector, whereas losses have primarily concerned popular consumption (textile, clothing, leather, shoes) and also the electronics sector.

This has resulted in the strategic nature of the choice of sectors. In this respect, the policies of Japan or South Korea offer many lessons. They give examples of how they have gained markets through a position acquired by the comparative advantages of the international division of labor. With this in mind, five sectors have been picked.

They are textile-clothing, leather-shoes, wood-furniture, toys and machine-tools. They involve about 7,000 firms of over 20 employees, employing a total of 700,000 to 800,000. For these five industries, "the government is committing a sum of about 9-10 billion francs, in the hopes that the firms will adopt all of the measures," emphasized the ICC.

Textile-clothing has gotten the lion's share with 5 billion francs, followed by machine-tools with 4 billion francs over 3 years. It should be noted that these provisions are being contested by professional groups in the EEC and by the authorities in Brussels.

"Recapturing the domestic market requires the proper functioning of the market. This presumes freedom of prices first of all. Experience (for example in brewing or electrical appliances) shows that price controls favor imports to the extent that commercial stimulation is eliminated," wrote the author at a date when the freeze had not been officially announced. The right balance between the laws of the market and domestic protection still needs to be found.

CFP WANTS OUT OF PETROCHEMICALS, DELAYS CHEMICAL RESTRUCTURING

Paris LES ECHOS in French 82 Jun 82 p 8

[Article by Ralph Back: "Serious Difficulties Confront the Implementation of the Chemical Plan"]

[Text] The reorganization of the French chemical industry has bogged down. Although after much reflection the government had decided upon its major outlines at the beginning of May (LES ECHOS, 4 May 82), applying them on the spot is turning out to be more difficult than the experts at the Elysee, the Matignon and the Ministry of Industry had predicted. Heavy chemistry was supposed to have been regrouped this summer around three axes: Elf-Aquitaine, Rhone-Poulenc and CdF-Chemistry. All indications now are that the "boundary realignments" and mergers will hardly be ready before the end of the year.

An unexpected obstacle has postponed the deadlines further--the demands of the Total firm (the French Petroleum Company [CFP] and its subsidiary the French Refining Company [CFR]) regarding its withdrawal from petrochemistry. Total has an equal participation with SNEA (Elf-Aquitaine) in ATO Chemistry (50 percent) and Chloe (40 percent). Rene Granier de Lilliac, chief executive officer of CFP, explained last Friday at the stockholders' meeting that, as an industrialist, the firm can no longer manage its assets, since the state wants Elf-Aquitaine to have the majority participation in the new firm to be created.

"A role as a financial participant in difficult, risky and onerous activities is not an industrialist's normal role and this is why we have told the authorities, who understood very well, about our concern to withdraw from this area of chemistry, which can no longer be called joint," he said.

After indicating that participation in ATO-Chloe had already required a financial involvement of 2.8 billion 1982 francs, Granier de Lilliac stated that fairness demands that the firm receive compensation equal to the financial aid it has already granted. CFP believes that advances should be settled in cash, possibly with extended payments, but for the rest it could accept in part an exchange of assets in different sectors. "The point is that the amount and the payment method for the admitted debt be decided quickly, although payment could be spread out," he specified.

Financial Demands

As a preliminary, a correct evaluation of the compensation it should get for dropping its interests in ATO-Chloe should be done by an expert. Although this proposal has been accepted both by the administration and by SNEA, the latter has shown little inclination to compensate CFP with its own money since it believes that it is up to the government to shoulder the social costs resulting from the takeover of PUK's [Pechiney-Ugine-Kuhlmann] chemical assets (excluding paint, pharmaceutical products and dyes), since this reorganization implies the closing of some factories and shops and therefore presents serious questions about employment. The clinching argument is that, in the current situation, especially with the refining-distribution crisis, it does not have the resources to finance both the takeover of PCUK's assets and the compensation of Total.

Even if both firms want to progress quickly, settling Total's withdrawal will take time. According to some experts, a final solution will hardly be found before October at the earliest. And it is only after this delicate issue is settled that negotiations between SNEA and PUK can begin for the transfer of the latter's chemical assets. This could put off the final decision until the beginning of 1983. However, time is closing in, not only because the reorganization of this sector is behind (while the bad economic situation in chemistry continues to burden the management of the two firms), but also because, while waiting for this reorganization, uncertainty is paralyzing industrial, and especially commercial operations.

The administration also wants to reorganize the fertilizer industry without delay. This also involves Total, which holds 35 percent of the capital of COFAZ [French Nitrogen Company]. Pierre Dreyfus, minister of industry, hopes to present his "fertilizer" plan this summer. This plan would reduce to two the number of French producers that depend on the public sector: APC [Nitrogen and Chemical Products], a subsidiary of CdF-Chemistry, and a firm merging GESA [General Fertilizer Company] (a subsidiary of Rhone-Poulenc), with COFAZ, whose principal majority stockholder is the Bank of Paris and the Netherlands [Paribas].

A recent letter sent to Paribas asks that they submit reorganization proposals to the Ministry of Industry before 15 July after examining the situation with other French producers.

Granier de Lilliac was very explicit on this point during Friday's meeting. "We are in contact with Paribas to study the problem," he said. "We should not be led into simple solutions for the firm that is the most efficient in France, due to the sizable efforts it made during the last few years to become competitive (COFAZ showed a profit in 1981, while GESA and APC lost money).

"Simple solutions would merely lead to a merger of interests with companies which are not very profitable and would result in sharing losses which could not at all be blamed on COFAZ's operations. It would be a sort of ouster which would harm the legitimate interests of the stockholders of both the CFR and the CFP." Paribas undoubtedly shares this opinion.

How can Dreyfus' ministry overcome such opposition without making binding decisions, which are never good solutions in industry? The first attempt to reorganize the fertilizer sector was made by Pierre Darmon, head of Michel d'Ornano's staff, and failed because of COFAZ's refusal to merge with another firm in the branch.

As for the CFP, Granier de Lilliac assured that its withdrawal from chemistry would in no way change the firm's strategy, which is to expand in the fields of oil/natural gas, uranium, coal and even in renewable energy sources. But the head of the firm believes that the chemical decisions have affected the staff. "During a period when financing the preliminary operations has become difficult because of the losses in refining, the staff must be able to place their faith in the future. We must not shift stable employment prospects from one firm to another, which would be the case if there were a transfer of assets at a low price," warned Granier de Lilliac in conclusion.

9720

CSO: 3100/822

BRIEFS

PETROCHEMICAL CONTRACT WITH NIGERIA--The Lummus French Engineering Company (SFTL) recently signed a contract for the construction of several petrochemical plants with the Nigerian National Petroleum Corporation (NNPC). The company, a subsidiary of Combustion Engineering, will be working with another firm in the conglomerate, its British sister. The contract involves two platforms and the construction of a 300,000 ton/year steam cracker. A plant for cutting alkylation with a capacity of 113,000 tons/year will be built at Warri and will allow the production of high octane gas. A 25,000 ton/year carbon black plant will also be built using basic products from the local refinery. In Kaduna, alkylbenzene and detergent facilities using kerosene and benzene have been planned while waiting for the implementation of the second stage, which calls for a high and low density ethylene-polyethylene plant. Bids for this project will be requested before the end of the year. This contract is important for two reasons. First, because it is the first time a French engineering company has obtained a contract in Nigeria and second, because Lagos has decided to forge ahead in petrochemistry despite the financial difficulties the country is undergoing. A French bank consortium has backed Lummus with 467.5 million francs in credits over a period of 10 years with an interest rate of only 7.5 percent. [Text] [Paris LES ECHOS in French 6 July 82 p 4] 9720

TECHNIP CONTRACT IN YUGOSLAVIA--The Yugoslavian company Polikem has just entrusted Technip with the construction of a "mass" PVC [polyvinyl chloride] factory. With an annual capacity of 36,000 tons, it will be located in Zadar (Croatia) and will operate on the basis of Chloe Chemistry's "mass" process which has the unique attribute of carrying out the polymerization of the monovinyl chloride in vertical autoclaves and allows all the PVC applications. Technip is responsible for the engineering, purchases and supervision of the assembly. Start-up should occur within 30 months. This contract will be handled in Technip's Lyon facility. Technip is currently constructing the Kikinda methanol complex in Yugoslavia, with a capacity of 200,000 tons/year and is expanding the Bosanski Brod refinery. [Text] [Paris LES ECHOS in French 8 Jul 82 p 8] 9720

USINOR, SACILOR SPLIT SNM--One for you, one for me. And every man for himself. Usinor and Sacilor are dividing up two joint subsidiaries they held 50-50. The Normandy Metallurgical Company (SNM) will go to Sacilor and the French Company for Metal Enterprises (CFEM) will go to Usinor. The SNM, which

belonged to the Empain-Schneider firm, was put under the temporary management of a joint company of Usinor and Sacilor on 1 January 1982. It is now joining Sacilor as planned (LES ECHOS 17 June). It is hoped that there will be a synergistic effect between the two firms which specialize in long products (SNM accounts for 20 percent of French machine wire). But this company, which has undergone serious difficulties (its net loss was 332.6 million francs in 1981) needs funds to save its facilities and 5,600 employees. According to the factory's management, it would take 1 billion francs but the amount it would get from within the 8.5 billion in investments programmed for Sacilor could not exceed 500 million francs. The French Company for Metal Enterprises will not become a complete subsidiary of Usinor until 1 January 1983. Until then, Sacilor must still assume its financial obligations to CFEM, which recorded losses in 1980 and 1981. This firm specializes in ironwork and the construction of oil platforms. [Text] [Paris LES ECHOS 25 June 82 p 6] 9720

CSO: 3100/822

PAPER COMMENTS ON GOVERNMENT'S CRISIS PACKAGE

Reykjavik NEWS FROM ICELAND in English Sep 82 p 2

[Editorial]

[Text]

The Government's resort to drastic measures for keeping the wheels of the economy in motion — a sharp devaluation and assorted collateral policies — naturally loomed large in the public debate at the time of this writing. While the formula is no recent invention, its latest application was admittedly a response to a crisis of an unusual magnitude: bad shortfalls in fish landings, dropping export values, adverse market trends, mounting external indebtedness, and inflation that seemed headed for an unprecedented high.

In the past, the cited standard medicine for accumulating economic woes has frequently produced just temporary, symptomatic relief — not a lasting cure. But all Icelanders hope that the outcome this time will amount to more than delayed troubles, though what confronts the nation has aspects that are external and thus beyond the Government's control. As for the brighter side of the picture, full employment has been maintained so far — a blessing that comes only at a price in various forms.

The Government's precarious legislative majority makes for a clouded political outlook. To no one's surprise, opposition leaders are clamouring for a dissolution of Althing (parliament) and new national elections. Such pressure has been in evidence for a long time, but it took on a fresh dimension last spring — when the Independence Party, the main opposition element, scored big victories at the municipal polls. Neutral observers, however, find it hard to believe that cabinet seats look tempting in present circumstances.

ECONOMIST URGES LESS GOVERNMENT-DIRECTION OF BUSINESS

Reykjavik NEWS FROM ICELAND in English Sep 82 p 8

[Commentary by Thrainn Eggertsson]

[Text]

A programme for economic growth which is based on the intensive exploitation of a valuable natural resource does not require a particularly sophisticated or rational economic framework to succeed reasonably well. The history of the oil-producing nations shows that almost any political and economic framework will do. Iceland depends not on oil but on fisheries, and an institutional framework has been adopted which generally suits the fishing industry.

Government policy is highly selective with respect to other economic sectors. Agriculture enjoys a total trade protection, and prices to farmers are determined a public board to maintain their incomes at a level comparable to the average in other industries. Until recently, fiscal and credit policy discriminated against manufacturing firms that produced for exports or in competition with imports.

Other sectors, such as services, construction, transportation and commerce, are taxed heavily, in relative terms, and receive unfavourable treatment in government-controlled credit institutions. In fact, there is a tendency in some quarters to view industries that produce intangible services, instead of material goods, as a drain on the system.

New perspectives

It has become obvious in Iceland that future growth based on expanded exploitation of the fishing grounds will be limited. There is a strong need to develop new export-oriented growth industries, and to rationalize the use of the country's resources in all sectors.

Early this year, a committee chaired by Central Bank Governor Jóhannes Nordal presented its report. The committee was appointed by the Prime Minister to examine the relative effects of government policy on the fishing industry, agriculture, and internationally competing manufacturing. The conclusions of this important study are too extensive to be reproduced here, but below I report some of the findings mingled with personal comments.

Favourite industries

The special treatment of agriculture is a reflection of a regional policy of a long standing — an attempt to prevent further reduction in the number of farms and to protect agricultural incomes. However, the country's agricultural policy fails to minimize the conflict between these aims and efficiency. As the demand for traditional agricultural products is limited, farm-

ers should be given incentives to explore new areas such as greenhouse horticulture, fish farming, and raising of animals, such as mink, for furs.

The fisheries receive a very favourable tax treatment, and more extensive public financing than other sectors, and one might think that the policies towards this industry were designed to stimulate new investment. The authorities, however, have for a decade fought hard to limit the expansion of the trawler fleet, which most experts consider now to be twice the optimal size. With fishing capacity growing much faster than the catch, productivity in the fisheries has fallen. The policies in this area appear to be irrational and can only be explained in terms of power politics.

Manufacturing firms, which are exposed to foreign competition, are still treated less favourably by government policy than the fishing industry, but much progress has been made recently, and only relatively simple adjustments need to be made in order to bring the two industries on equal footing. The rather punitive policies towards other sectors, such as transportation and commerce, are shortsighted, economically irrational, and should be abandoned.

Taxation

The system of taxation in Iceland has shown a remarkable resistance to change. Plans to replace the current sales tax with a value-added tax have repeat-

edly come to nothing, and the authorities seem to be unable to introduce a pay-as-you-earn system for direct taxes, based on current-year income rather than on income from the preceding year. In general, the structure of taxes tends to reflect the government's need for revenue and a concern with income redistribution, but little heed has been paid to distorting effects on resource allocation. The tax treatment of imported computers and computer parts as luxury items is an example of preposterous mistakes in taxation. However, there has been progress on this front recently.

Prices

The authorities intervene in the operation of markets to the extent that, with some exaggeration, it can be said that the real-estate market is the only freely functioning market in the country. I have already referred to the determination of agricultural prices, which are set by a public board. The important raw-fish prices are also determined by an official body, and were, initially, expected to reflect market conditions, but are now increasingly adjusted to income targets for fishermen.

Domestic manufacturing is under strict price control, and mark-up margins in commerce are also regulated. The allowed margins vary widely, depending upon whether the product in question is in the basket of goods used to measure price changes, and also depending on bureau-

cratic whims. Controls are also pervasive in the capital market. In many cases, these controls are counterproductive and result in inefficiencies which will become more critical as the dependence on the fisheries decreases and the need to rely on a broader economic base grows.

Exchange rates

The authorities have for a while followed a policy of equilibrium exchange rates. Exchange rates, however, have primarily been determined by the very variable fortunes of the fisheries. At times this has had severely adverse effects on other export industries and on the import-competing ones. A wage inflation at home, for example, has not led immediately to devaluation if fish prices on foreign markets were rising rapidly, but the increasing wage costs, while manageable for the fisheries, have seriously damaged the competitive position of manufacturing.

The Price Equalization Fund of the Fisheries was established for the purpose of smoothing out price fluctuations in foreign markets. The study mentioned above found that the fund had not served its purpose well. It is obvious that reforms in this area are urgently needed in order to create a stable environment for industries which face foreign competition.

Thráinn Eppertsson is a professor of economics at the University of Iceland

GOVERNMENT ANNOUNCES NEW ECONOMIC PACKAGE

Reykjavik NEWS FROM ICELAND in English Sep 82 pp 1-2

[Text]

After more than a week of caucusing within Iceland's three-element coalition Government, a set of drastic economic measures took a final shape at a late-evening meeting on Saturday August 21. As was a foregone conclusion, the belt-tightening move included a devaluation and sizable cuts in wage adjustments due on September 1 and December 1.

The króna was devalued by 13% in terms of the U.S. dollar, more or less what had generally been expected. The temporary-law package, subject to ratification by Althing (parliament) after the body reconvenes in the autumn, provides for many additional steps to shore up the national economy.

Among them are curbs on prices to farmers and fishermen, higher excise levies on imports during a six-month period, special wage adjustments benefiting workers in the lowest income brackets, fund transfers to the fisheries sector, and tightened markup limits in commerce.

A 21-point statement explaining the Government's basic economic goals, and specific tacks on that front, accompanied the announcement. Listed were four general objectives: a rollback of the foreign-trade deficit to a balance within two years, boosted productivity to maintain full employment, steps to protect

low-income earners from the brunt of the export recession, and "resistance to inflation."

According to Government sources, the prospect now is for inflation this year to the tune of some 60% — and for 45% or 50% in 1983, instead of the 75-80% figure that seemed likely in the absence of the stringent measures that were adopted last month. When Gunnar Thoroddson's Cabinet took office in early 1980, the joint policy statement of the coalition backers gave top priority to a rollback of inflation to the general level among the country's chief trading partners.

The Progressives and the People's Alliance are the parliamentary mainstay of the peculiarly constituted Government. Until late last year, the Premier served as deputy chairman of the Independence Party, the strongest force in Icelandic politics for decades. But the coalition that he engineered is an anathema to most IP legislators, and to all the Social Democratic ones.

While dramatic IP victories in the municipal elections last spring loom large as background of the ongoing speculation over the Government's future, pundits' attention is now rivetted on the drawn-out Cabinet huddle that anteceded the new policies. The obvious implication is that pronounced differences of opinion had to be ironed out.

Commented Prime Minister Thoroddsen after the policy package was announced: "The Government's parliamentary majority is not in question, and there is no doubt in my mind that Althing will approve the economic measures in due course ... I urge public understanding of the goals, which are mainly designed to cope with the grave economic setbacks experienced in recent months ..."

Apart from inflation, the troubles stem especially from the necessary interruption of the capelin effort (NFI, June) and the disquieting shortfall in cod landings this year (NFI, August). To make matters worse, the export outlook is clouded as regards certain fish products.

Predictably, opposition leaders took a dim view of the Government's plans. "This 13%

devaluation will suffice for just two or three months," said a Social Democratic legislator. "And then what?" Remarked Geir Hallgrímsson, chairman of the Independence Party: "The value of the dollar in króna terms has nearly quadrupled during the Cabinet's tenure. That is an Icelandic record in devaluation."

While the largely blue-collar Icelandic Federation of Labour protested "this latest of many inroads into cost-of-living adjustments," the leadership of that union group otherwise opted for a wait-and-see stance. The IFL signed a new umbrella contract recently (NFI, August), but it remained anyone's guess how negotiations involving the Federation of State and Municipal Employees might be affected by the Government's drastic policies.

CSO: 3120/94

BRIEFS

UNEMPLOYMENT EXPECTED TO INCREASE--An additional 30,000 unemployed at the end of this year. That is what the county labor directors expect who judged the situation before the winter for their respective counties in an inquiry conducted by TT. Minister of Labor Ingemar Eliasson (Liberal Party) told DAGENS NYHETER, "This shows that we were correct in last Tuesday's government resolution when we settled on a 30 percent increase in labor market costs." TT has spoken with the directors of all of the country's 24 labor authorities. Few of them believe there will be an improvement in a reasonable time--despite plans to advance relief work and an additional 240 million kronor in government support. "The 240 million kronor was an extra amount intended for unemployed youths. The additional increase is for all in the labor market," explained Ingemar Eliasson. County labor directors in Vasterbotten, Jamtland, Kopparberg and Kronoberg expect an increase of unemployment of 30-35 percent. "This agrees well with the forecasts we received from the county labor authorities last summer," said Eliasson. The majority of the county labor directors believe that the business upturn will be delayed until some time in 1983. "But when the upturn comes there can be a delay of many months before the businesses hire new personnel," said Sven-Olov Andersson, county labor director in Ostergotland. "Many firms have used up the resources which are first required when production increases." Many county labor directors confirm that the flow of job seekers to the labor offices before the fall has increased unusually early this year. [Excerpt] [Stockholm DAGENS NYHETER in Swedish 23 Aug 82 p 12] 9287

CSO: 3109/228

KEY AREAS IN TURK-IS, GOVERNMENT TALKS NOTED

Istanbul CUMHURİYET in Turkish 1 Jul 82 p 6

[Article by Sukran Ketenci]

[Text] Following an approximately 3-hour summit meeting between the government representatives and the high-ranking executives of Turk-Is [Turkish Confederation of Labor], it was decided that commissions be set up concerning the issues on the agenda in the next 15-20 days. Those experienced in politics and democratic struggles authorize commissions to deal with issues when they cannot come to an agreement on the latter and consider the display of this disagreement in the way of their best interests. They opt for this in order to buy time or explore new avenues or because a sudden announcement of the agreed on issue would be politically unsound and may trigger reactions.

In the government-Turk-Is talks, there were seven important or four major points. One of the major issues comprised the necessarily joined issues of an urgent meeting of the Minimum Wage Commission and the future of seniority compensations. In the report presented by Turk-Is, a request for an immediate meeting of the Minimum Wage Commission and the necessity of not implementing new cuts in seniority compensation were expressed. While the government front "okayed" an immediate meeting of the Minimum Wage Commission, the good news that the commission to redefine the minimum wages would be able to meet shortly was announced.

However, the price of this concession made for the sake of canceling the connection between seniority compensation and minimum wage was not made clear insofar as it affected the former. The widespread belief is that the fund bill and seniority compensation would be transformed into an employee bonus and that the Turk-Is proposal to let "price indices regulate the ceiling" would be left in the air. If this is the result achieved, neither the workers nor Turk-Is stand to gain from it; furthermore, another big loss for seniority compensation is recorded. The necessity of urgent renewed talks on minimum wage, which is the cost of living, cannot be disputed. Minimum wage is of great importance not only in respect to workers employed at plants where collective bargaining grants them this wage, but also in respect to its reflection on plants that cannot be unionized and even workers who have no bargaining rights. This consideration, however, will not carry much weight from the viewpoint of the Turk-Is base organized particularly in the KITs [Public Economic Enterprises]

on the grounds that no workers were hired in the last 2 years. The conversion of seniority compensation into employee retirement pensions would mean that the seniority compensation ceiling, which is 75,000 currently would be lowered to the 35 thousands. And this would really generate significant reaction in the Turk-Is base. Turk-Is placed the efforts and problems of the YHK [Supreme Juridical Council] on the agenda in a detailed fashion. The Turk-Is report proposed, upon explanation of the application with its results and examples, collective bargaining rights for open trade unions until the point of conflict. However, in the meantime, what was to become of the bargainings on the YHK agenda which were to be finalized at a level below the YHK principle decisions?

Once more, the widespread belief was that these bargainings, which were shelved about 3 weeks ago in the face of a great reaction, would be finalized, with an approximately 5 percent rate increase far below the standard determined by YHK principles. The YHK finalizes contracts with numbers that lower the actual wages of workers, whether these numbers fall within the scope of their principles or below the latter. Furthermore, it validates them for 3 years. Almost all large-scale bargainings and, particularly all the KITs will be brought under wage control through the YHK channel by the end of 1984 at the latest. To grant trade unions the right to bargain after all the major bargainings are concluded, would only serve to lend Turk-Is propaganda power in organizing. It would effect no increase in the general level of workers' wages. What became of the Turk-Is pledge to pull out its members from the YHK, if the contracts of 200,000 workers remained below the principle set by the YHK? Will it suffice to extract a few concessions from the YHK in the way of snatching the DISK [Confederation of Revolutionary Worker Unions] base?

Commissions were also set up to deal with the problems of the workers abroad, plants closing down, and worker-civil servant segregation. As for the issue of the Constitution, it was decided that efforts be concentrated in the direction of the Consultative Assembly. Thus, the summit meeting terminated on a note to reconvene after the commissions' work is over.

12,019

CSO: 4654/385

CUSTOMS DUTIES UNDERGOING REVIEW

Istanbul CUMHURIYET in Turkish 3 Aug 82 p 6

[Text] Ankara (CUMHURIYET BUREAU)--"Revision" of customs regulations has begun on the instructions of Finance Minister Adnan Baser Kafaoglu. The work, being done by the Finance Ministry, involves a review of "exemption certificates" for imports issued after 24 January. Raising "specific duties" imposed on import tonnage in the customs regulations is also under consideration.

This is obviously the first of the "interim models" envisaged by Finance Minister Adnan Baser Kafaoglu in his economic support package. The customs regulations are being reviewed by the Finance Ministry on the rationale that "the effectiveness of customs duties within the Turkish tax system has diminished." The Finance Ministry devised the "interim model" for customs regulations when imports exempt from customs duties rapidly grew to quadruple taxed imports and import duty revenues declined despite the rise in imports.

Establishing a "balance" between Turkey's customs duty rates and those of the countries with which it does business was adopted as the primary principle in the review of customs regulations launched by the Finance Ministry. Stressing that the type of duty such as wharf and stamp fees which are imposed without regard to the amount of goods has no significant role in total customs revenues, authorities said that in shaping the "interim model" they would take the route of raising "specific" duties imposed on the total number of tons of import goods.

Noting that nations set their customs obligations in accordance with the GATT principle of reciprocity, authorities pointed out that Turkey had lowered its own customs barriers without getting customs reduction concessions from the nations with which it trades. Finance Ministry officials also explained that the EEC had "raised rather than razed customs barriers" against Turkish textiles, continuing:

"If the EEC forces us to reduce customs, we must get concessions in return, and we have to raise customs duties in order to correct the balance of payments. Raising customs duties is important from the standpoint of protecting industry also, not just from the standpoint of raising revenues.

Industrialists get used to protection, but raising customs a notch is necessary also."

The following principles have been identified in the "revision" of customs duties begun on the instructions of Finance Minister Adnan Baser Kafaoglu:

--"Exemption certificates" issued after 24 January to liberalize foreign trade will be reviewed. Certain items eligible for these certificates which are produced domestically will be removed from the exemption lists.

--"Excessive" export subsidies will be discontinued.

--Customs duty and sales tax rates will be raised. The rate of increase, however, will not exceed 50 percent of the rate now in effect. Customs rates on investment goods will be reduced to lower investment costs, but customs rates on luxury consumer items and certain intermediate goods will go up.

--Customs duties on certain selected items which have been lifted will be reviewed.

After completion of the Finance Ministry's review of customs regulations, it will be taken up as a package by the Supreme Oversight Council.

8349

CSO: 4654/415

ULAGAY CONTRASTS OZAL, KAFAOGLU APPROACH

Istanbul CUMHURIYET in Turkish 2 Aug 82 p 6

[Article by Osman Ulagay: "Ozal's Ease is Kafaoglu's Difficulty"]

[Text] Ozal's ease, according to Kafaoglu, begins with writing his name. But, of course, it doesn't end there. The fact that the economic policy he has been trying to implement since 24 January and especially since 12 September is based on the rather simple principles to be found in practically any economics textbook also makes things easier for Ozal.

So thanks to this simplicity and facility, it was not very hard for Ozal to explain what he was trying to do, to come close to certain of the goals of his program and brag about it. Until some of the problems he considered complicated began to grow and send out shoots, crowding out this image of success, Ozal benefitted from the premium of simplicity. In this climate, the number of those who believed that the market mechanism would work on its own to solve every problem in the economy grew too. For example, it was thought that the firms all sinking in a row in accordance with the "sink or swim" philosophy would sink or change hands quietly, that the crisis in the construction, durable consumer goods and automotive sectors would be a breeze for the strong holding companies, that opening the gluttoned domestic market to the outside would happen automatically and that increased deposits would reduce interest rates. What lay beyond all this, it was argued, was that the structure of the Turkish economy would be changed by these simple and general policies.

Kafaoglu was one of those who watched this scene, seeing the inexorable outcome, and, at any rate as an advisor to the head of state, says he has been preparing the "detailed program" for the economy for a year now. According to Kafaoglu, it was not sufficient to let certain simple principles in the economic policy rest on their laurels, but was necessary to turn to "detailed" programs "and fine-tune the economy "like working delicate lace."

If those who say they know what a strain on the eyes, how complicated and exhausting a job lace-making is but do it anyway are telling the truth, one must admit that Kafaoglu has a hard job. And the fact that he has taken over an economy with an accumulated mass of problems and comes to the task

at a time when it is hard to close one's ears to society's reactions would seem to increase Kafaoglu's difficulties.

To understand how Kafaoglu is making the lace, it is necessary to look at what he has been saying and his criticisms of the simplicity of the Ozal method. Here is what Mr Kafaoglu has said:

--Believing that the effort to utilize the elements of interest, money supply, foreign exchange rate and price to bring domestic and foreign prices and costs into balance will correct structural defects over time can do nothing but let the problems accumulate. With this as a point of departure, we are preparing detailed, specific programs for various sectors.

--We will never abandon the idea that in our country where income distribution is not at the desired level, there are economic and social limits to restricting domestic demand through monetary policy alone and it is necessary to abide by these limits.

--It is clear that the implementation of flexible exchange rate and export incentive policies alone is inadequate to allow the state economic enterprises and the private sector whose structures were built to conform to the domestic market to become competitive. Turkish industry has no chance of survival in this framework. This is why we need an operation to correct and improve the industrial structure of our country. These operations will be undertaken quickly at the right time and place.

--Our growing exports stem generally from the scattered efforts of individual firms. For this reason, the state's role in researching and correcting this will be broadly stressed and the necessary organizations will be formed immediately.

--Credit demand is not easily reduced in less developed nations and it is wrong to think that supply and demand in the interest problem will balance out somewhere. We are considering reform of the banking system. This kind of banking system cannot survive. We will give the banks a specific function within the reorganization and support the banks in a position to perform this function.

It is clear, we think, that all these comments by Mr Kafaoglu show a very different approach from Mr Ozal's. As opposed to Ozal's tendency to be content with intervention at the macro level and let the market mechanism take care of what happens next, Kafaoglu's approach comes under the categories of "guidance-oversight-correction" from the top in almost all basic areas.

Kafaoglu's approach comes immediately to mind at first glance for a country like Turkey where the market concept and orderly markets have not yet taken shape and whose ultimate goal is democracy. As opposed to Ozal's overly optimistic and simplistic attitude on changing the structure, in particular, Kafaoglu's approach with its planning and programming seems more realistic. However, it is not that no great danger awaits Kafaoglu. Considering how our bureaucracy loves to meddle and especially to meddle in fine details, it is necessary to prevent the "guidance-oversight-correction" mechanism which Kafaoglu has drafted from eventually becoming simply an "intervention-prevention-termination" mechanism. Otherwise, one would more than likely end up knitting socks while talking of working fine lace.

POST-OZAL SURVEY OF PROBLEMS, EXPECTATIONS MADE

Istanbul CUMHURİYET in Turkish 20-21 Jul 82

[Article by Osman Ulagay]

[20 Jul 82 p 6]

[Text] Evaluating the state of the economy at the point where [former Deputy Prime Minister] Turgut Ozal has resigned is, we believe, very important from a standpoint of making assessments for the future. Those who will be directing the economy in the future must evaluate from the outset the legacy they are taking over.

What is the state of the Turkish economy on the second anniversary of the introduction of "July banking"? How have the problems evolved and what new problems does the future bear for the economy? Let us try to list the latest main developments in the economy in their main outlines:

--The shelved problems in the bank-broker sector surfaced two months earlier than expected with the Kastelli incident which reached--or was brought to--an explosive stage. When, at that stage, the collapse of certain banks could not be watched with indifference, the strings of the tight money policy were suddenly let loose.

--The crisis in the bank-broker sector was actually a reflection of the financing crunch in the industrial sector. Indeed, following the Kastelli incident, several factories in the textile sector halted their operations or shut down for good. Nor was the situation too bright in the construction sector. Consequently, the rescue effort was enlarged to include numerous large institutions in addition to banks.

--The issue of the payment of the bonds sold by Kastelli confirmed the financing crunch in the industrial sector and showed that some large holdings were in such big trouble that they had to think about every penny and had to ask for government assistance.

--While several polls showed that insufficient demand and financing problems severely restricted capacity utilization in the large and small industries of Istanbul, an increasing number of people in the Istanbul Chamber of Industry began talking about industrialists who were committing suicide and the big disaster that would result if urgent measures were not taken within two or three months.

--It was noteworthy that tougher conditions for extending loans to industrialists --in view of liquidity problems confronted by banks as a result of the latest developments--sharpened the differences between industrialists who do not own banks and holdings who own banks and the banks themselves in general.

--A sharper competition was observed among the large holdings for a shrinking domestic market. Large holdings which relied on the domestic market and which suffered from Ozal's policies began to exert pressure for changes in the economic policy. Demands were made for limits on interest rates, the establishment of an assistance fund for companies and profit guarantees.

--In the face of all these demands for assistance, questions were raised on whether the government will be forced to print money and whether it will be able to balance the budget.

--The Central Bank's move to freeze low-interest loans to exporters in order to support domestic banks raised doubts about the future of exports. Here, it was interesting that drops were recorded in exports to Libya.

--The consumer price index for June recorded a stagnation in the upward climb of prices, and, according to some indicators, there was even a slight decline in prices. This raised hopes that the official inflation figure for 1982 could be held at 30 percent if not at 25 percent.

At this critical juncture for the economy midway through 1982, it is evident that the payment of the cost of neglecting the domestic market for the sake of reducing inflation and spurring exports can no longer be put off. It was unlikely that those who are taking over the controls of the economy could avoid confronting this tough dilemma. At a time when the rescue of some sectors on the verge of collapse has gained urgency, it is necessary to take steps which will revitalize the domestic market. However, it is not too unlikely that, with these steps, the inflation monster, which could only be caged with Ozal's measures, will be set free again. This dilemma is, apparently, the essence of the legacy left behind by Ozal.

[21 Jul 82 p 6]

[Text] The Kafaoglu team has inherited from Ozal an economy which is plagued with problems and which may have even more problems in the future. What course will this team take? Will it reverse the policies implemented so far at the risk of nullifying the progress made in some sectors of the economy at a heavy cost to most social groups of the society? Will it relax Ozal's regimental policies as some sectors are expecting? Or will it implement the same package in a different form--namely, instead of keeping the pressure "on" all the time, use an "on-again and off-again" approach?

Here, the following questions come to mind: Can the priorities of the Ozal program be changed without violating its "spirit"? Can the "negative" aspects of this program be rectified without undoing its "positive" aspects? For example, what happens if priorities are changed from Ozal's "fight against inflation" to the revitalization of investments with an eye to "reducing unemployment"? How

will inflation and exports be affected if the free interest rate and variable currency rate policies are abandoned? If priority is given to increasing industrial output, will the demand for raw materials cause a surge in imports and a shortage in energy?

These and other similar questions must be asked before a decision is made on a new course. However, the most fundamental question that needs to be asked is: How would the economy be affected if only the priorities of the Ozal program are changed with the aim of bringing about a meaningful structural change without overshadowing the predominance of the monopolies which also control the banks, or if an attempt is made to go back along the path which Ozal traversed in the past two years? Will it be impossible to preserve the desirable components of the Ozal program? Will the two years have been wasted in vain?

Let us enumerate the expectations of various sectors from the new economic team and let us try to dwell upon the possible consequences of policies which will meet those expectations. The major expectations are: 1) The relaxation of limits on wage and salary increases; 2) Larger increases in agricultural floor prices; 3) Limits on interest rates and measures to lower them gradually; 4) The relaxation of the money-credit policies to a certain extent; 5) The rescue of companies facing hardships with the assistance of the government; 6) A more moderate approach to currency exchange policies; 7) The reintroduction of currency exchange rate guarantees with respect to investment debts; and 8) The extension of incentive programs currently applied only to export industries to those relying on the domestic market.

Now let us try to see what happens to inflation and exports, which are considered to be areas where Ozal has succeeded, if it is decided to fulfill all these expectations--which are all aimed at revitalizing the domestic market and which need large amounts of resources--without taking selective measures just like Ozal has done.

--Since Ozal's program has not been able to eliminate the main causes of inflation, such as monopolist markets, sticky prices and high-cost structures, inflation still appears to be a monster ready to ravage the economy. That being the case, the following four actions that can be taken in order to meet the expectations listed above can cause a surge in inflation: 1) Relaxation in tight money controls; 2) Budgetary deficits; 3) Lower interest rates; and 4) Wage and floor price increases which may spur domestic demand.

--The situation involving exports is not too different. The following developments can have an adverse effect on exports which have been forced to rise within the framework of a very delicate balance: 1) Abandoning or modifying the variable exchange rate policy; 2) Reducing the incentives for exports; 3) Reducing export loans and imposing stiffer terms for obtaining them; and 4) The possibility that, with the revival of the domestic market, some firms which were forced to export may return to the more profitable domestic market.

As the two paragraphs above show, the new economic team will not have an easy time with respect to inflation and exports. In order to achieve positive results without nullifying those that are considered positive, it is necessary to take a variety of factors into consideration in making decisions and to include measures that are related to the structure of the economy in everyday policies. Otherwise the nullification of positive results obtained so far will remain a real danger.

SEVIG LOOKS TO ECONOMIC FUTURE, PARTICULARLY AGRICULTURE

Istanbul DUNYA in Turkish 26 Apr 82 p 4

[Article by Vecdi Sevig]

[Text] While the number of variables that affect developments and decisions increases, the duration of plans applied in the economic field becomes shorter. In addition, the chances of success for long-term plans that are not harmonious with short-term developments are also growing slim. It is for these reasons that variables that can be widely influential in practice push into crises some economies that find it difficult to keep in step with unexpected developments. However, it is also very wrong to overly exaggerate this important characteristic of our rapidly changing age. Being satisfied with the economy of today without looking towards tomorrow can create a problem as far as depriving the economy of the elasticity to ensure accord with, at the least, sudden changes.

Turkey is at the point of being confronted with such a possibility at any moment. The 24 January decisions were defined as measures whose basic goal was to curb inflation and as a short-term solution to the foreign-exchange problem. It is an undeniable fact that there are indications that these goals are being approached. Critics of the 24 January decisions center upon the additional costs of attaining these goals. They speak, in particular, about the inequities in the distribution of income, the slowing down of investments, and growing unemployment. Indicators that are used as a focal point for criticism are the "negative factors" that were among those tacitly approved in the beginning with the 24 January decisions. For this reason, the criticism is not even accepted as criticism worthy of a response by those who implemented the 24 January decisions, and, most of the time, it is characterized as a "problem of the past" or "a problem to be solved in the future," thereby attempting to remove the issue from sight. It can be said that this approach, in itself, is viable. In fact, every economic policy implies a choice of specific alternatives. The choice of the 24 January decisions becomes successful at two conjunctural indices, and the decisions serve to ensure this. There is a problem that cannot find an environment of open debate among the defenders of the 24 January decisions or those who seek alternatives to them and which was put on the agenda through State Chairman Kenan Evren's "wish to seed the land that has been left fallow" expressed in his Balikesir speech. This is the provision of the necessary tools for agriculture to feed Turkey

adequately, increasing productivity in this way so that Turkey becomes a nation that will truly "be able to be fed."

We have always bragged and boasted that Turkey is one of the limited number of countries in the world that does not import agricultural products, but it has never been debated whether there is the possibility for Turkey to provide food in a truly balanced and adequate manner or whether it is "surviving on cereals." Is it possible for Turkey, whose per capita consumption of meat, cooking oil, milk, cheese, and eggs is far below the world average, to make a meaningful show of braggadocio, saying it does not import foodstuffs?

Our nation, which does not discuss this question, is now debating another problem at length as part of the agenda at specialized scientific meetings and, in a limited fashion, at bureaucratic meetings. This problem is the negative effect of the economic policy being pursued on the model of feeding itself, which is already difficult for Turkey to defend today.

For almost 2 years, Turkey has experienced two very important, significant agricultural phenomena. The first of these is a gradual reduction of farmland, an increase in land left fallow together with a fall in the use of fertilizer. The reduction in fertilizer usage has a negative effect on productivity per unit of land. However, because there are no statistics that reflect reality here, it is not possible to cite figures to prove this. All observations in the rural area, which was the source of State Chairman Evren's Balikesir speech, corroborate this conviction.

The other phenomenon is related to animal protein. According to official figures, Turkey's animal wealth is increasing with every passing day. However, while Turkey's animal wealth in terms of numbers of head increases, no periodic assessments in terms of weight are made, and this prevents true figures from being determined. For the past year and a half, feed lots in Turkey have been closing down one after another, and this causes animals to be sent to slaughter houses before reaching optimum weight. Nothing is being done to prevent this from happening, which, in the true sense, is a reduction in animal wealth.

The failure of the Ministry of Agriculture and Forestry to demonstrate, in time and sufficiently, the sensitivity it shows in seed production towards fertilizer utilization and animals used for food is not a problem for today and tomorrow alone, but for hundreds of years to come. The present generation, unable to feed its children by contemporary standards, cannot expect its grandchildren to be more creative than it is. Those who have found a solution to inflation bear the responsibility of thinking today of the conditions that will provide a brain structure that will be able to comprehend the contemporary dimensions that future generations will experience.

11673

CSO: 4654/313

SEVIG EYES TAX AUDIT SYSTEM SHORTFALLS

Istanbul DUNYA in Turkish 1 May 82 p 2

[Article by Veysi Sevig]

[Text] The topic of tax losses and tax evasion has been debated by the public in our country for years. However, despite all the discussions that have been held and all the measures related to the subject taken by officials, a healthy solution has still not been able to be reached.

In fact, the measures necessary to prevent the loss of taxes and tax evasion can never be one-dimensional. This is because, first of all, it is imperative to develop a conscientiousness about the payment of taxes in order to have a sound tax system. The establishment of this perception is a separate topic of struggle and endeavor. In order to create this conscientiousness, taxation education must be multisided and continuous, always enlightening taxpayers, developing positive relations between the tax office and taxpayers, and, beginning in the schools, informing the people through mass communications.

The topic most dwelt upon in Turkey for the prevention of tax losses is audits. In debates that are held, it is claimed that audits have always been inadequate and that, for this reason, tax losses and evasion are gradually increasing. At this time, the idea is being propounded that it is necessary to develop new staffs continuously for the purpose of solving this problem.

It is true that tax audits in our country are inadequate. Everyone knows about the paucity of personnel working on tax audits today. Because it is not possible to inspect a large number of taxpayers' accounts with a small number of control employees, the ratio of audits to taxpayers is gradually falling. Despite this and despite the lack of personnel, however, tax audits, using various supplementary measures, can be increased and can be made more effective. This topic must be considered.

Today, tax control personnel working within the Ministry of Finance are deprived of every sort of resource and of morale. Before everything else, tax auditing is a complex and difficult job. It is a job that requires hard work, patience, and research in order to examine and reach a conclusion about every aspect of the various accounting operations a taxpayer has conducted in a year. In western nations, tax auditors have an advantage thanks to their

communications and transportation systems and to their equipment. During an audit in most cases, the auditor must size up and evaluate a situation instantly.

In our nation, tax control personnel are part of a labor system deprived of every sort of tool and equipment, and they work in antiquated finance buildings. In some cities, even telephone conversations are difficult for auditors to hold because of the scarcity of phones. The lack of equipment makes it impossible, in general, to take action.

Under the tax principles law, it is imperative that tax audits be conducted at the place of business. Today, in large cities in particular, businesses are scattered and are located outside residential areas. At the least, it is necessary to solve the transportation problem so that auditors are able to go to the businesses to make inspections. Today, they are, in practice, forced to upset their own finances in order to travel to a business outside the city to make an audit, and they are forced to spend thousands of liras on transportation. In the end, auditors are not even paid travel expenses, because they are termed intercity transportation expenses.

On another hand, it takes at least 5 years to train an auditor, to become an experienced auditor. Today, because of extremely limited financial resources provided tax auditors, all of whom have a higher education, employees with 5 years' experience leave since they can easily find work in the private sector for much higher wages.

Inexperienced personnel must be trained in order to be able to achieve the desired results. Yet, it has become exceedingly difficult to encounter persons in the tax audit office who have put in a number of years. Every sort of resource must be used to retain at these posts these people, whose numbers are gradually becoming smaller. If this is not done, it will become difficult to find experienced personnel to train new auditors in the future.

In fact, the audits that are necessary to prevent tax evasion constitute only one of the methods that must be applied. For this reason, if tax evasion is to be prevented by means of audits, it will become imperative to assign an auditor to every taxpayer. The task of auditing is different from other controls used in taxation. We will discuss this subject in a forthcoming article.

11673
CSO: 4654/310

KUSCULU LETTER GIVEN AS SAMPLE OF EMPLOYER MENTALITY

Istanbul MILLIYET in Turkish 2 May 82 p 4

[Article by Halil Tunc containing text of letter written by Istanbul Chamber of Trade Administrative Council Chairman Nuh Kusculu]

[Text] Istanbul Chamber of Trade Administrative Council Chairman Nuh Kusculu responded by letter to two of the articles published in this column. I am relaying this letter as it demonstrates an approach and sensibility toward the 24 January 1980 decisions and to criticisms of these decisions typical of employers' circles. I pass on the letter believing that the reader is the most impartial and just judge.

Kusculu's letter reads as follows:

I read with interest your articles, "The 24 January Decisions and Workers" and "Premiums for Exporters, Praise for Workers," published under your column, "With Sweat and Toil."

However, this time I deemed it necessary to explain briefly and in my own manner to you and, if you find it appropriate, to readers of your column my views regarding the contents of those articles. This is because, in these articles, you attack the 24 January 1980 decisions, holding them responsible for various economic problems that have not yet been solved completely and categorically and, at the same time, indict the private sector, which I represent, unfairly and unnecessarily, using the 24 January 1980 decisions as a pretext.

It is, however, imperative to underline and stress that, when evaluating the situation of the Turkish economy at the beginning of 1982, the economic, social, and political conditions of Turkey prior to the 24 January 1980 decisions must not be forgotten, and the reasons why these decisions were made, why and with what determination they have been implemented for 2 years must not be dismissed from one's mind.

As is known, Turkey, after undergoing severe, destructive crises for several years, entered 1980 with the gravest problems of its economic history. These

problems included an inflation rate of hundreds of percentage points; a fall in industrial capacity utilization to 47 percent; a failure to show any increase whatsoever in gross national product for the first time since development plans were put into effect; an increase in domestic and foreign indebtedness and in interest payments; an increase in illegal strikes and demonstrations, which had the quality of riots; a fall in production and exportation; a growth in the balance-of-payments deficit; a halt in importation and, in the end, an absence of goods on the market; and the dominance of black marketeering, application of two sets of prices, and speculation.

It was with these 24 January 1980 decisions that the government of that day took a brave and educated approach to the problems that had accumulated over the years and had been pushed aside and that had become a threat, not only to the economic and social life of Turkey, but to its integrity and security as well. In fact, following implementation of the 24 January 1980 decisions, the inflation rate fell from hundreds of percentage points to 35 percent; exportation rose from a low of \$2.2 billion to \$4.6 billion; foreign exchange brought into the country by workers increased from \$1.6 billion to \$2.4 billion; the gross national product, which had a growth rate of -0.5 percent in 1979 and -0.7 percent in 1980, climbed by 4.4 percent in 1981; bank savings' volume rose from 443.4 billion liras to 1,161.5 billion liras; and, finally, scarcity, the black market and dual prices were eliminated.

As can be seen, the 24 January decisions truly played a large role in both solving problems in Turkey that were extremely varied and of huge dimensions and in earning respect for Turkey once again in the world. It is for these reasons that, despite various imperfections that could be discussed and despite various alternatives that could be set forth on a broad scale, in particular, we believe that it would be unjust to say that the 24 January 1980 decisions are a natural result of the "laissez-faire" philosophy and that every passing day is a search for bygone days.

The desire of the private sector to adopt the 24 January decisions as a principle comes from their being the most positive and productive economic decisions in the life of the republic. In essence, it is the private sector itself, which supports these decisions, that suffers the most from application of a "tight money and credit policy," the most important series of measures constituting the 24 January decisions. Because it holds Turkey's interests and the integrity of the nation above everything else and because it does not want Turkey to live the days prior to 12 September 1980 once again, the private sector insists upon installing the 24 January 1980 decisions as an axiom in Turkey's economic life and, despite all sacrifices, pursues this policy.

Looking at problems at the most basic level and at the operating level, we are faced with the undeniable fact that the trade and industrial sector is experiencing grave difficulties. A fall in domestic demand has caused a fall in employment and bank transfers. The tight-money and floating interest-rate policies have placed operations in a difficult position from the standpoint of finances. An increase in bankruptcies, insolvencies, and defaults and the closure of marginal operations are an indication that the business world is not experiencing a comfortable working environment.

When I state that we wish to get together with you, whom we know as an individual who has sincerely defended the real and long-term interests of the working class for years, to discuss our problems in a manner that will take advantage of the experiences of the past and present and to set down solutions that will benefit the nation, I do so with the deepest respect.

11673

CSO: 4654/310

USE OF ISTANBUL INDUSTRIAL CAPACITY RISES SHARPLY

Istanbul CUMHURİYET in Turkish 22 Apr 82 p 6

[Text] Use of Istanbul industrial capacity rose from 51.1 percent in 1980 to 62.2 percent in 1981 according to results of a questionnaire answered by 302 companies belonging to the Istanbul Chamber of Industry. During the first 6 months of 1981, capacity utilization was 60.1 percent, and it climbed to 63.7 percent in the last half of the year.

This appreciable increase observed in capacity usage in Istanbul industry, which is the heart of the private industrial sector in Turkey, is an indication of an increase in productivity. At the same time, the fact that insufficient demand and financing difficulties, which are among the factors that limit capacity utilization, have gained a great deal of emphasis attracts attention.

The major results of the study on capacity use conducted by the Istanbul Chamber of Industry have been summarized as follows:

Capacity utilization: Capacity use, which was 55.8 percent in 1978, 45.3 percent in 1979, and 51.1 percent in 1980, rose to 62.2 percent in 1981. Among the sectors whose percentage of capacity use rose over the preceding year is the forestry products industry, which achieved a capacity-use increase of 100 percent. It is followed by mining with a 76-percent increase and the paper and paper products industry with a 55-percent increase. The only sector whose capacity utilization percentage fell is the automotive industry.

Production: Of the 258 firms that answered questions dealing with production, 183 or 72 percent achieved increases in productivity while 75 companies reported a decrease in production. What attracts attention here are increases in productivity by 41 of 47 firms in the fabric, clothing, and leather goods industry; 56 of 87 firms in the mining goods industry; and 15 of 17 firms in the automotive industry, in particular.

Employment: Of the firms responding to the questionnaire, 204 noted an increase in the number of personnel employed and 96, a decrease. Despite this, the total number of workers employed in the 302 companies fell by 1.41 percent to 96,246. The increase in percentage of total capacity usage at the same

time there was a decrease in the total number of workers shows an increase in 1981 of productivity per worker.

Inventories: There were 183 firms that answered questions related to inventories. Of these, 117 firms or 64 percent reported an increase in inventories while 66 firms reported a decrease. It is seen that inventories of companies in the fabric, clothing and leather goods industry and in the chemical, tire, plastics, mining goods, and automotive sectors grew in particular.

Percentage of credit usage: One of the most interesting and meaningful findings is a rise to 70 percent in 1981 in the credit to private resources ratio, which was 50 percent in 1980. An increase in credit usage at a time when credit is gradually becoming more expensive is a significant indication of the financing problems within industry. The fact that the fixed capital of the firms responding to the questionnaire increased by 63 percent within a year, rising to 127 billion liras, attracts attention.

When looking at the reasons for the limits on capacity use in Istanbul industry, we see that the lack of demand heads the list by a large margin. The lack of demand is followed by financing difficulties, and the lack of raw materials is only third. In past years, the chief factor affecting capacity use was the lack of liquid fuel. In 1981, this lost its importance and is included under the heading, "Other factors." In 1981, the lack of demand and financing difficulties alone have a weight of 51 percent among the factors restricting capacity use.

**Reasons for Restrictions on Capacity Utilization in Istanbul Industry
(in percent)**

	1980	1981
Lack of raw materials	20.10	18.30
Lack of demand	20.70	29.45
Financing difficulties	18.80	22.00
Lack of electricity	17.30	15.27
Liquid fuel	10.40	*
Other factors	12.70	14.98

*In the 1981 questionnaire, this comes under the heading, "Other factors."

11673
CSO: 4654/313

PENDIK SHIPYARD GOES OPERATIONAL

Istanbul CUMHURİYET in Turkish 2 Jul 82 pp 1, 13

[Text] Prime Minister Bulend Ulusu opened part of the Turkish Maritime Bank Pendik Shipyard and Industrial Plants yesterday and broke ground for the ship engine factory which is a part of the larger plant. In the talk he made at the ceremony, Prime Minister Ulusu said, "Our government's fundamental policy concerning maritime affairs contends that the Turkish shipbuilding industry, the Turkish commercial fleet and maritime commerce be developed jointly and with regard to mutual support among them." Ulusu further stressed that a special operational model should be developed for the Pendik shipyard.

In the talk he made at the DB [Turkish Maritime Bank] Pendik Shipyard and Industrial Plants, which opened in celebration of the Maritime Day on 1 July, Prime Minister Bulend Ulusu stated that incentives were given for the building of shipyards in both the public and the private sector, administrative support and financial terms were available, shipyard builders were backed by the "Gisat" fund and rediscount credit, and that the machinery and the equipment imported for the shipyards would be customs exempt. Indicating that the commercial fleet had reached almost 3 million DWTs as a result of the incentive measures, the prime minister said the following:

Objectives

"The objective is for our commercial fleet to reach 7.4 [deadweight tons] by 1983 and to achieve a balance between the foreign currency freight expenditure and income. Work is underway at the ports of Haydarpasa and Alsancak. In the major transport project, it is proposed that the seven main ports be converted into container ports and a new port constructed. The objective was defined as expanding maritime transportation, which comprised 15.9 percent of total transports in 1980, to 32.2 percent by 1993 and appropriations have been made for that purpose. In fact, maritime transportation investments, which made up 10 percent of transportation investments in 1982, have been raised to an average of 15 percent for the next 10 years. The decision was made that maritime transport, the most economical of all transportation systems, be provided with support and incentives of the highest degree.

Calling attention to the establishment of the Maritime Permanent Undersecretariat of the Office of the Prime Minister, Ulusu stated that the bill for coordination among ports was in its final stage and that the Maritime College,

which had been left unadministered, was now, under the direction of the Commander of the Naval Forces, offering a well-organized curriculum in keeping with present-day needs. Ulusu further stated:

A Labor Intensive Industrial Branch

"The shipbuilding industry is a labor intensive one that employs a considerable number of workers. In keeping with our industrialization strategy, we are resolved to continuously encourage developments in this area. I consider it necessary that a special operational model be developed for this plant. The shipyard should be able to receive orders not only from the country but also from abroad, and, if necessary, joint production and operation methods should be tried."

Speaking at the ceremony, Transportation Minister Mustafa Aysan stated that the Pendik Shipyard had received orders for 5 ships with a total DWT of 53,000 but that the annual capacity of the section put in operation was 75,000 DWT. "It is our belief that the opening of the other sections depends on the cash returns generated by the full capacity operation of the first section," he said.

Four Shipbuilding Contracts

Director General of the Turkish Maritime Bank Nejat Ozgece indicated that the shipyard could process 18,000 tons of steel in its present condition and build ships. He also noted that the cost of the plant amounted to 5.5 billion Turkish liras excluding the land expropriation price. Later in the ceremony, building contracts were signed for two tankers of 20,000 DWT for the DB Maritime Transport AS [Corporation] and two dried goods freight liners of 6,500 DWT for two private sector firms. After Prime Minister Ulusu congratulated those who had worked in the construction of the shipyard and awarded them plaques, the plant was opened to service with the cutting of the ribbon. In addition, ground was broken for the ship diesel engine factory during yesterday's ceremony.

Yesterday's ceremony, which marked the occasion of the partial opening of the Pendik Shipyard and Industrial Plants, was attended by Professor Emeritus Dr Sadi Irmak, chairman of the Consultative Assembly, Prime Minister Bulend Ulusu, Transportation Minister Mustafa Aysan, Governor of Istanbul Nevzat Ayaz, 1st Army and Istanbul Martial Law Commander General Haydar Saltik, Navy Commander Admiral Zahit Atakan, North Sea Regional Commander Vice Admiral Dogan Toktamis, the Mayor of Istanbul, Lieutenant General Ecmel Kutay and other military and civilian dignitaries.

12,019

CSO: 4654/384

BRIEFS

PAN-ESKIMO JOURNAL ESTABLISHED--Last week a new magazine with the name of INUIT left the press for the first time at Sydgrønlands Bogtrykkeri [South Greenland Press]. It is aimed at a very broad public of both Eskimos and non-Eskimos, and so presents articles in both Greenlandic and English. Later it will also be printed in other Eskimo dialects, according to the ICC [Inuit Circumpolar Conference] secretariat. It is being published with economic support from Eskimos in Alaska. The first number contains articles on such subjects as APP [the Arctic Pilot Project], Aasivik, Nunavut, and a conference on the biology of the whale held in Anchorage, Alaska. The authors are for the most part well-known names in arctic politics, as for example Hans-Pavia Rosing, North Slope Borough Mayor Eugene Brower, and Greenland's member of the European Parliament Finn Lynge. INUIT is published for the time being in 12,000 copies and will be distributed to people and institutions with an interest in developments in the arctic area. Subscriptions may be placed by writing ICC, Postbox 204, 3900 Nuuk. [Text] [Godthaab GRØNLANDPOSTEN in Danish 11 Aug 82 p 20] 8815

CSO: 3106/163

TURKISH UN FLURRY IN LIGHT OF GREEK-CYPRIOT MOVES

Istanbul CUMHURIYET in Turkish 5 Aug 82 p 12

[Text] Ankara (CUMHURIYET BUREAU)--The spotlight suddenly cast on the Greek Cypriot administration's efforts to return the problem to the international platform, in particular to the UN General Assembly, has spurred the Turkish side to action.

According to information obtained, when Greek Cypriot administration leader Spiros Kyprianou began taking concrete steps in this direction, the Turkish side began alerting a series of nations to these activities, which endanger the intercommunal talks, and explaining their views.

In these diplomatic initiatives, understood to have been directed to various national groupings, the Turkish side reportedly drew attention to the negative results which would ensue should the Greek Cypriot administration take the problem to the United Nations. The information obtained also indicated that these initiatives were being conducted by Ankara and the TFSC.

We also heard that the Turkish side is expressing in these warnings its concern that this Greek Cypriot stance, being irreconcilable with the intercommunal talks, would block the road to a peaceful solution of the Cyprus problem.

Kyprianou said in a statement on 20 July that they would take the problem to the United Nations, a statement which led to a reaction by TFSC President Rauf Denktas.

If the Greek Cypriots take the problem to the United Nations, it will be the first time in 3 years that the Cyprus problem has been taken up by the United Nations. In accordance with an agreement reached by the sides, the problem has not been put on the UN agenda since 1980 to prevent affecting the course of the intercommunal talks.

The change in Kyprianou's attitude is attributed to suggestions made by Greek Prime Minister Andreas Papandreou to Kyprianou within the framework of a policy to internationalize the problem. Papandreou's suggestions were fiercely debated within the Greek Cypriot administration. The pro-Moscow

AKEL Party, which keeps Kyprianou in power, described Panandreu's remarks as interference in their internal affairs and opposed the idea of going to the United Nations. Though Kyprianou was caught between AKEL's criticisms and Papandreu's suggestions, Papandreu won in the end.

If there is a question of the Cyprus problem's being brought to the United Nations, the attitude of the nonaligned nations which are influential in this forum comes to the foreground. A draft resolution on Cyprus was adopted at the coordination conference held in Havana at the end of May by representatives of the 36 member nations of the nonaligned group to prepare for the nonaligned summit. The resolution expressed concern over the lack of developments in the intercommunal talks. However, some of the national prominent in the nonaligned group abstained on the resolution.

8349

CSO: 4654/419

ARTICLE EXAMINES PROSPECTS OF SKDL MOVING TOWARD RIGHT

Stockholm 7 DAGAR in Swedish 13 Aug 82 pp 14-15

[Article by Erik Bagerstam: "New Autumn for Finland's Communists?"]

[Text] Finland is approaching an autumn which could contain a government crisis, but hardly a new election. Increasing unemployment is going to put pressure on the politicians, and the communist Minister of Labor Juoko Kajanoja has already promised 100,000 new jobs. The Communist Party must now follow through on its promise by internal settlements and in the presidential election.

Finland is doing well, perhaps better than ever in its history. In the short run, however, economic problems are expected. Finland imports raw materials from the East and exports manufactured products in accordance with a tradition from the mid-1800's. The trade is bilateral. The so-called clearing accounts owed to the Soviet Union now exceed three million marks. The Soviet Union can not buy everything that Finland wants to sell. This means stagnating trade with the East, and a feverish search for compensating mark shares in the West.

At the end of June 125,800 persons were unemployed, which is 5.3 percent. Almost 40 percent of the unemployed were under 25. Economic problems usually have political consequences. Will the government complete the trying budget work which is supposed to be finished by year's end? In that case will there be an early Parliament election? Probably the Riksdag election will be held at the normal time, spring of 1983, an election which, regardless of when it takes place, is going to bring changes: the Social Democrats and the Conservatives will increase, the small parties will fragment and the People's Democrats/Communists will decline.

In June the political pundits had hiccups from fright. The weekly SEURA (Finland's equivalent of ALLERS FAMILJEJOURNAL) gave the Social Democrats 34 percent in an opinion poll. The following day calm was restored: the daily UUSI SUOMI (Finland's equivalent of SVENSKA DAGBLADET) gave the Social Democrats 27.3 percent, which was a reasonable increase from the Finnish

Social Democrats' normal of approximately 25 percent. Equally normal was party secretary Erkki Liikanen's comment that the Social Democrats really have 30 percent.

Regardless of opinion polls, the Social Democrats today are Finland's strongest party, led by "King Maker" and Prime Minister Kalevi Sorsa. Still, the electorate is probably steadfastly bourgeois, and an election would not be seen as a wind from the Left.

Communists Split

Finland's Social Democratic Party is getting a Nordic profile, not only in the percent of voters, but also in terms of political weight. One cause is the split within the Finnish Communist Party (SKP).

Aarne Saarinen, a majority Communist, a kind of Finnish Eurocommunist, quit the chairmanship of SKP on 16 May. Taisto Sinisalo (minority Communist and commonly regarded as a Stalinist) did the same thing with the vice chairmanship. The conciliatory and in Nordic countries well-known Labor Minister Jouko Kajanoja became the new chairman. In the new politbureau of 10 members, 7 are from the majority. Also in the politbureau are Aarne Saarinen and Taisto Sinisalo. The general secretary Arvo Aalto remains at his post, and is a loyal follower of the majority.

The last speech of the departing chairman Aarne Saarinen contains among other things bitter criticism of the Communist Party of the Soviet Union for "improper interference" in the internal affairs of the Finnish Communist Party.

The question is now whether the new chairman Joukko Kajanoja will be able to get the men and women of the hard line to cooperate in the work of the politbureau and thereby prevent a growing fragmentation of the SKP.

More Independent Democratic League

Evidence of the internal fight within the Communist Party is an interesting development within the Finnish People's Democratic League (SKDL).

SKDL, a people's front organization for leftwing socialists, has been the election machine for the Communist Party ever since the war. The SKP does not in general bring in votes, that is done by the SKDL. SKDL was formed after the war by defecting Social Democrats (who were dissatisfied with the loyalty of the Social Democrats during the war), and by Communists. Comparisons can be made both with Leon Blum's French People's Front of the 30's and with the "united parties" which were created in the East after the war.

SKDL brought together different workers', women's and youth organizations. Twenty percent of SKDL members who belong to different organizations are also

members of SKP. In other words, four-fifths of the members of SKDL are not Communists. It is factually incorrect to claim that the Communists have between 15 and 20 percent of the voters. In fact the Communists now have their present strength in Parliament only because of their organizational hold over the SKDL.

The leftwing socialist profile of SKDL began to be formed in the middle of the 1960's when Ele Alenius succeeded Hertta Kuusinen, Otto Ville Kuusinen's daughter as general secretary. Ele Alenius was not a Communist. Today he is a sort of socialist elder statesman and spokesman for the socialist delegation within the SKDL.

In March one of Ele Alenius' young novices, Ilkka-Christian Bjorklund, launched a remarkable strategy for leftwing socialists.

"If the Social Democrats are sliding toward the right, and the Communists toward the left, then an ideal vacuum is being created where a synthesis of socialism and democracy is desired," he wrote.

The question is whether that vacuum exists. The radical social democratic "schoolmasters" are now ministers, governors or managing directors. There is nothing that indicates that the Social Democrats are losing voters on the left. As a consequence of the split in the Communist Party, and of that which the left wing calls the slide to the right of the Social Democrats, the SKDL is establishing itself as a more independent organization. SKDL says that it will not act as a cover organization for the Communists.

The chairman of SKDL is Education Minister Kalevi Kivisto, vice chairman is Aarne Saarinen, majority Communist.

Pulverized People's Party

The Nordic pattern is obvious within the Finnish bourgeoisie. The Liberal People's Party has been pulverized (as in Norway) and is now a faction within the Center Party. On 20 June the Center Party reelected Paavo Vayrynen, who was reconciled with Johannes Virolainen, who is considered to have saved the Center from an election catastrophe with Ahti Karjalainen as presidential candidate. (The Finnish Christian League is seeking election cooperation so as not to be hit by the catastrophe of the Liberals--and will do that perhaps with the Center or the National Coalition Party, which have stable poll figures around 23 percent). The Swedish People's Party has a strong position in the government (foreign minister and justice minister) but for demographic reasons it could have a hard time retaining all its seats.

The question within the bourgeoisie is whether it is finally time to allow the coalition party to manage some of its electoral deficit by itself--

perhaps by letting the Conservatives replace the People's Democrats/Communists in the government. But the question is also whether the Social Democrats will take such a risk now with a mild summer breeze in their sails.

9287

CSO: 3109/228

COMMENTARY ON FUTURE OF KKE (INT.)

Athens TO VIMA in Greek 27 Jun 82 p 7

[Article by Vasilis K. Paikos: "Consolidation or Failure, the Future of the KKE (Int.)"]

[Text] "The disagreements were very evident during the congress. Disagreements on both our future prospects and on our past. Nevertheless, it was an open congress. With its pluses and its minuses. A congress that wanted, you might say, to give an accurate picture of our party. It did. That is what we are. Just as the congress portrayed us."

These observations belong to Leonidas Kyrkos and are included in the interview he granted Maria Reza for TO VIMA, the Sunday issue of 13 June. They include the entire truth about the present political stigma of the KKE (INT.)

Indeed, the Third (11th) Congress of the KKE (Int.) broadly revealed all the positive and negative points, all the pros and cons of this part of the Left. Because of this, it is considered a historical event in the course of the party. An event that is a base and a starting point for an entirely new, but perhaps even fateful, phase of its evolution that will either confirm the historic need for its political existence or that will lead to the substantial abandonment of any efforts to have the "other voice" come into the leftist movement of the country.

The "phenomena" that were observed while the congress was in session, in other words, the internal political clashes, many times hard or even violent, the daring intraparty confrontation, the statement of views that set up the intraparty tendencies officially, and publicized them, including the difficulties in the election of the Central Committee, the secretary and the executive office, caused a great deal to be written and more to be said concerning the cohesion as well as the future of the KKE (Int.).

Some considered these to be indicators of erosion and decomposition and interpreted them as proof of an oncoming dissolution.

Without being able to preclude any possible unfavorable developments for the future of the KKE (Int.) with any certainty, there were many indicators pointing in that direction, displaying the democratic nature of the structure and its operation, the absolute freedom of thought of its members, the persistent and painstaking search "for what is correct democratically and revolutionarily."

We are talking about the elements that make up a true capturing of the communist rejuvenation for the party, but also for the Greek political life in its whole.

After the Third (11th) Congress of the KKE (Int.), and the wide publicity its sessions received, it will not be very easy for any Greek party to hold "closed" and unfree procedures in their congresses and have it pass by unnoticed.

It is not possible, however, not to make a point of how some negative elements were identified in the surroundings of the congress and during the proceedings after the congress. Even if one overlooks the fateful consequences of the extreme conception of freedom, such as loquacity, pedantry in analysis and research, opposition of a somewhat personal nature, in the anxious effort for the consolidation of the opposing views "at any cost" one cannot do anything else but support the convocation of the tendencies in a common platform, but that is least representative of party reality.

This effort led to "bargaining" for positions many times by the representatives of the various tendencies and deals were made without the knowledge of their followers.

The political decision of the third congress is the obvious product of successive compromises. For this reason it is not easy to focus on the center of its political gravity and isolate the specific direction it is following. Because this direction includes almost everything: shades of every point of view, of every position, even the ones that are diametrically opposed to each other.

This fact is not important since the political decision is the basic text for guidance and the political compass of the party until the next congress.

Renewal of the Leadership and Typical Absences

The election of Giannis Baniass to the position of secretary of the Central Committee of the KKE (Int.) and the replacement of the Central Committee and executive office with new members by 50 percent are very important political indicators. And regardless of the evaluations that anyone may make concerning the composition of the new leading officials, it cannot be doubted that the KKE (Int.) is a party that dares.

Perhaps it was the first time that a secretary of a communist party was replaced as a result of his own initiative since he himself suggested who his successor should be. And the change of guard was effected without a subsequent radical change of line and direction, without political condemnation, without changing the party character as it may have been shaped by any one personality. What happened was the result of a need to express the renewal even in the highest party post and perhaps the result of the sensitivity of the former secretary regarding his responsibility for the unfortunate moments the KKE (Int.) had these last few years.

It should be mentioned that if Bambis Drakopoulos had decided to run for the secretariat even at the last moment, especially in view of the specific

correlations that developed during the special meeting of the Central Committee, it is certain that he would have been elected almost unanimously by its members.

And something else. After his resignation, he did not go "home." He continues to fight from advanced political lines and support the new leadership.

Of course, all this gives lessons in political character and consequence and confirms a history of struggles that starts about 40 years ago.

Giannis Banias, the new secretary of the KKE (Int.), is the typical and characteristic representative of the Lambrakis generation and of [Law] 114. In other words, the generation that connects the EPON [National Panhellenic Youth Organization] and the National Resistance with Rigas and the Polytechnic School.

That is why his rise to the leadership of the party of communist renewal is very significant and symbolic.

It should be noted that Giannis Ganiyas who was an unknown to the general public until yesterday has already made an excellent impression with his appearances, especially the one on television on 14 June.

At least, as far as facial characteristics and mien are concerned, the general public not being able at this time to provide an assessment of other features, the KKE (Int.), could not find a "more characteristic" representative.

The composition of the new "executive office" of the KKE (Int.) undoubtedly surprised the political observers. And it raised questions about its "power," cohesion and effectiveness.

Surely it is not an especially powerful executive office. When the most significant representatives of the tendencies are absent from it, it will be quite difficult to make daring decisions and more difficult to pass these decisions on to the party base with no hindrance. There is the danger that because of this absence, all the "games" to develop balances and a program will be played outside of the executive office that will be called after the fact to confirm the decisions taken by the "outsiders." And if this fear is exaggerated at least in the form it is presented above, it is not far from the logical truth and from the reasonably probable future "reality."

The present position of Leonidas Kyrkos in the party is the fact that occupies the attention of most political observers, and especially public opinion. It is the fact that dominates.

It appears that finally, the request by many for getting away from the influence of Kyrkos "was honored," without, of course, any serious attempt by Leonidas Kyrkos to avert it.

In addition to his resignation from the candidacy for the "twin post" of the secretariat (Kyrkos-Banias), especially at a time when it was not less supported than the other (a one post secretariat), Leonidas Kyrkos is charged with not trying hard enough all this time, especially during the phase of pre-congressional procedures, to secure "followers" of his line.

Besides it is known that if his proposal regarding "existing socialism" was developed with more elasticity, it is almost certain that the remaining positions of Leonidas Kyrkos would have found wide acceptance.

No matter how things stand, Leonidas Kyrkos finds himself presently outside of the executive office. He has expressed his reservations publicly regarding the choices of the majority as well as some phenomena of party mentality. Even though he stated quite clearly, surely he means it, that he will always be in front during the party struggle, the subdued role that has fatefully befallen him, or that he brought upon himself, has to be taken into consideration by the KKE (Int.).

Let us not forget that as far as the entire country of Greece is concerned, Leonidas Kyrkos is the showcase of the KKE (Int.) as well as one of the few, the very few, contemporary Greek politicians whose "voice" is heard beyond the narrow circle of party influence.

The "voice" of Leonidas Kyrkos goes beyond inflexible opinions; it demolishes dams, it abolishes nets, prejudices, psychoses. In other words, he is a true political leader of the "people" with wide acceptance and especially with great effectiveness.

Most officials and members of the KKE (Int.) hope that the fighting presence of Leonidas Kyrkos from now on will not be a lesser one. Perhaps that is what they wish to believe.

Others expect that after a short period of lesser activity, he will soon get into advanced party fortifications (as he likes to call them).

It should be noted, however, that among the guiding officials of the KKE (Int.), there are more "followers" of his political tendency than there were before the third congress.

From this point of view, the present party position of Leonidas Kyrkos appears to be stronger, no matter how strange it may seem.

Political Practice, Prospects and Opportunities

The political practice adopted by the KKE (Int.) these past few years is not subsequent to the practice it followed during the first period of its legality, from 1974 to 1977.

It lacks revolutionary daring and an aggressive rejuvenating character.

The tactic of "pleasant sounds" that has been adopted may flatter certain types of citizens and may also be similar to what the other progressive parties have adopted. It completely dilutes the face of the KKE (Int.), however, and more important, it does not confirm the exclusivity of its mission and role.

The third congress did not address itself clearly and convincingly to a number of problems of basic political choices and even to a lesser degree, to the problems of methodology and tactics. The basic area for party reporting was not made clear either.

For this reason, there is a widespread impression that the KKE (Int.) will continue the fruitless comparison with the other communist party and that it will not depart from the choices of recent years that are not in a position to identify, show and emphasize the "other" political concept that the KKE (Int.) really brought to Greek public life.

The KKE (Int.) justifiably has been considered the party of "shades" and even the party of logic, cohesion and realism.

Many times during the period 1974 to 1977, it proceeded to proclaim and practice openly antipopular positions when it considered them to support the interests of the strategy of smooth democratic development. It did not hesitate to oppose the slogans that were directed by instinct or even emotion and that ignored "logic." It also did not hesitate to discourage strike movements when it believed they were not "sufficiently justified" or that they undermined the effort to solidify the democracy. Of course, this is not an unstudied daring act when it comes from a part of the Left, especially a party that has not yet secured firm access to the people.

What of all these could the KKE (Int.) repeat today?

And yet, the return to the policy of absolute consequence is necessary for its life, necessary for its political survival.

Because of course, the uniqueness of its mission, the exclusivity of its role and finally the justification of its existence cannot be supported exclusively by "traditional" theoretical differentiations with no tangible backing, by differentiations that refer to "the dictatorship of the proletariat," by the interpretation of "proletariat internationalism" or by the best road to socialism.

Today, shortly after the third (11th) congress, the KKE (Int.) openly accepts a real "invitation of the times." It finds itself in front of some very favorable circumstances. Such circumstances that, if they can be converted to opportunities, could be characterized as historic.

First of all, it enjoys a wide publicity it was denied for many years and it even accepts an open and liberal "friendly attack" on the part of PASOK.

The publicity is surely due to the congress that just ended as well as to the daring renewal of its leading officials.

The "friendly attack" could perhaps be attributed to the deterioration of the relationship between the party in power and the other communist party as well as to its steady decision to seek alliances with politically and morally reliable partners.

The problem is whether and to what extent the party of communist renewal presently has the objective potential and sufficient political forces to exploit, promote and widen these opportunities. Because of course, they are not the kind that appear every day.

VIEWS, COMMENTS ARISE FROM MORATORIUM WITH TURKEY

Caution Must Be Exercised

Athens ELEVTHEROTYPIA in Greek 24 Jul 82 p 4

[Editorial: "The Moratorium"]

[Text] The achievement of a "moratorium of the mutual provocations" is undoubtedly a step toward the solution of Greek-Turkish differences. But just a step, nothing more. "There should not be any feeling that important matters have been solved," warned the prime minister. Because as a matter of fact, none of the two sides budged an inch from their known declared positions on the substantial matters. While, on the other hand, even the maintenance of the moratorium, at least from the East, should provide some hope.

Unfortunately, our eastern neighbors have not made us used to their reliability. Just a few months ago in Bonn, when the prime ministers of Greece and Turkey were agreeing in stopping the provocations in principle within the framework of the NATO conference, the Turkish Air Force was violating Greek air space several times. And when the prime minister would refer to that moratorium in Bonn, Ankara would answer: "What moratorium? We did not say anything!"

For this reason, every caution is justified, certainly without underestimating the meaning of yesterday's step, but neither betraying the hopes for the future. There is not the slightest doubt by the Greek side that the agreement will be honored since Athens made no provocations up to now and certainly has no reason to make any now. Only Ankara has committed provocations, both in the air and at sea, and it is up to Ankara to stop them. Whether or not the Turkish side desires the definite solution of the problems that have harassed the two countries so much is being put to the test once again.

Situation Appraised

Athens ELEVTHEROTYPIA in Greek 25 Jul 82 p 4

[Article by Str. Zakhariadis: "With the Andreas-Evren Meeting in December, the Beginning of Dialogue"]

[Text] The Greek-Turkish dialogue will most probably begin at a summit meeting in a European city after the time element of "certain months" called for by the agreement for the moratorium to expire. As a matter of fact, these

actually are certain months. Because if the contacts of the ministers of foreign affairs beginning 2 October in Ottawa prove to be fruitful, a meeting between Papandreou and Evren about the end of December should not be out of the question. The opposite should be true.

According to confirming information, the scenario for peace that has begun to occur provides for the gradual transition from abatement to a peaceful restoration of relations on a more permanent basis. And it is not feasible to set this basis without the approved expression of the political will of the leaders of the two countries. A political agreement that would spell out accurately the subjects of the dialogue, in other words, what is negotiable and what is not, will define further developments in the relations between Greece and Turkey that have been problematic thus far. If, of course, Ankara is made to keep the obligations it may assume.

It appears that most Europeans are on the side of this "formula," while Washington, according to a recent decision by the House of Representatives on the withdrawal of the occupation troops in Cyprus, appears to be disposed to put effective pressure on Ankara. The breach in the southeastern wing of NATO passes through Nicosia and splits a country that is not part of NATO. And it is not too much to accept that some American policy makers were able to get a better understanding of what is going on in our area after the historic visit of Prime Minister Andreas Papandreou to the martyred island and the announcement of his policy for the total protection of the interests of all Greeks, from the Aegean islands to Cyprus. Because at this point there is a real [change] in our foreign policy.

As Mr Andreas Papandreou has clarified several times, this is not a policy of a "package deal" that has concerned the ND, when it was in power, under different terms, and on the basis of different premises without ever having become specifically defined. It is a policy that cannot leave out the Cyprus problem, a subject that is an inseparable part of the Aegean case. A simple retrospection of the events in 1974 confirms this simple truth that could today be raised to a "security dogma" for the defense of Greek sovereign rights as well as our interests in the entire region. Therefore it is not at all strange that PASOK accepts the repetition of a dialogue with Ankara, a dialogue that had been cut off by the prime minister, at the same time that 405 U.S. congressmen voted for and only 6 fanatic pro-Turk congressmen voted against the proposal of Messrs Yatron and Broomfield to put an end to the Turkish occupation of Cyprus. Perhaps the interruption of the dialogue that the Right criticized so quickly will prove to be more constructive in promoting the substantial dialogue than the interminable discussions of the general secretaries that basically strived to gain time.

The coincidental timing of the bloody settlement of the Palestinian problem should not pass by unnoticed. The fact that Khomeyni's Iran threatens to proceed with drastic interventions west of the Persian Gulf, after the stabilization of the Islamic regime, appears to strengthen NATO "philosophy" that brought about the dictatorship in Turkey for reasons of prevention as claimed by some of its cynical apologists. The closing of the "breach" in the southeastern wing of NATO clearly appeared to be assuming the shape of an "urgent matter" after Haig's visit to Athens and Ankara.

Very few political observers doubt that Turkey is getting much more pressure than Greece to take care of the "interalliance" pending problems. Most of the pressure comes from the social democratic government of West Germany. Schmidt's role at the latest summit meeting of NATO in Bonn appears to have been definitive. The selection of Willy Brandt as a catalyst for the Cyprus problem was not made by chance even though it seems that this effort is failing. Bonn continues its traditional ties with Ankara, but is especially interested to stop paying for Kissinger's policy while most of the EEC-10 have long been oriented toward assuming initiatives, common or isolated, that support a new solution to the Aegean and Cypriot problems. The Turkish provocation that was expressed usually or an international level the day after assurances would be given, revealing the peaceful intentions of Ankara with continuous violations of Greek air space, finally compelled the Europeans to take the Greek charges seriously regarding the Turkish threat.

The subject of the reliability of the Turkish leadership, however, continues to remain open. Not much time has elapsed since the political spokesman of the Turkish junta, Mr Uluşu, was giving assurances to everyone at the summit meeting in Bonn about the good intention of his country, especially to President Reagan and Chancellor Schmidt. A few days later, the Turkish prime minister was "reprimanded" by the hard core group of General Saltik and 16 Turkish Air Force "Phantoms." This indicated in terms of action what the real intentions of Ankara were regarding the 10 and 6-mile limits of Greek air space.

Thus the matter of the level at which a political agreement can be reached to begin the dialogue during 1983, as long as the contacts for the "moratorium" are fruitful, naturally will concern the Greek side. The Turkish junta leader, General Evren, knows very well what the reaction of the Americans and the West Germans is to the specific and clear retraction of Turkish intentions. And according to foreign diplomatic sources, he is getting used to the decision that he should make amends himself by meeting with the Greek prime minister, if the preliminary agreements develop well, so that he may commit the various military group leaders, and that is the most important thing he can do.

U.S., NATO Arbitration Rejected

Athens RIZOSPASTIS in Greek 25 Jul 82 p 3

[Article by Lambros Petsinis: "Renunciation of Mediation Is an Imperative Need"]

[Excerpts] With the simultaneous government announcements that were made last Thursday in Athens and Ankara the agreement for a temporary "moratorium" was made official between the two countries for the purpose of establishing the "right climate" to begin the Greek-Turkish dialogue.

A Positive Step

There is no doubt that the moratorium that has been achieved after marathon talks is a positive step that, if kept by Ankara, could create the necessary premises for a real deflation of the intensity in Greek-Turkish relations. The

reservation about whether or not the moratorium will be respected by Evren's regime is not the product of skepticism, but a logical question that derives from the fluctuations of intensity and abatement that were recently observed in the relations between the two countries.

With U.S., NATO Arbitration

When he announced the agreement for the "moratorium," Mr Papandreou said that the two sides remain "rigid in their positions." This statement is a bad omen for the development of the Greek-Turkish dialogue, since the unacceptable demands of Ankara are known, with the indirect instigation and the many different kinds of support by the United States and NATO, against the national sovereignty and territorial integrity of Greece. The course of Greek-Turkish talks up to now, especially after the Bonn congress, indicates that the government accepted the arbitration of the United States and NATO.

Insistence on this course, however, and the acceptance of American and NATO arbitration prejudices the negative content of the result of the Greek-Turkish dialogue, in case it is assumed that it would reach some kind of "solution." The result in any case, in view of these prescriptions, will not favor the national interests of the country. This is true because it has been proven with a mathematical accuracy that the national interests of the country are not in harmony with the adventurous objectives and aggressive plans of the United States and NATO.

It is also known that the United States and NATO do not wish to deflate the situation in the Aegean, especially with a just and permanent solution of Greek-Turkish differences and the Cyprus problem, because something like that would restrict the potential of intervention and involvement in the domestic matters of the two countries. It would also restrict the mythical profits enjoyed by the American and West German monopolies of the war industry from pursuing the armament imposed on Greece and Turkey with the excuse of a "mutual threat."

A "Camp David" Type of Solution

Only by being naive could the government really believe that the United States and NATO would abandon the "paper" of the Turkish threat that has been used and is being used by them as the main lever for exercising pressures on Greece to maintain the props necessary for the policy of the Atlantic (first of all the bases) and its alignment with the aggressive plans of Washington in the area of the Middle and Near East. Lately the government is talking about the alleged change in American strategy in the Aegean area because of the critical nature of the situation in the Middle East, especially in the Persian Gulf, a fact that supposedly compels Washington to pressure Turkey into changing its order of battle by withdrawing troops from the Aegean area and sending them to its eastern borders, thus creating the opportunity with "delicate handling" and "diplomatic maneuverings" to find a solution to the Greek-Turkish dissension. These claims do not reflect reality. An irrevocable target of the United States is the smooth operation of the southeastern wing of NATO with full Greek submission to the NATO plans. Exactly for this reason, the United

States and NATO insist on the unconditional application of the "Rogers plan" and the redistribution of operational control in the Aegean.

Both from the statements of U.S. and NATO representatives and from the publications of the Western press, it is clearly indicated that under the tight Atlantic control, a solution is being pursued of the "Camp David" type for a "package deal" of the Greek-Turkish differences and the Cyprus issue. If such an "arrangement" is achieved finally, it will be in flagrant opposition to the vital interests of the country. A really just and permanent solution of the Greek-Turkish differences can be found only outside and far from the American and NATO arbitration.

9346

CSO: 4621/471

COMMENTARY ON GREEK-TURKISH RELATIONS

Athens KYRIAKATI KI ELEVTHEROTYPIA in Greek 27 Jun 82 p 4

[Article by Arist-Manolakos: "Turkey, the Moratorium and the Country's Defense"]

[Text] Last Tuesday night, political editors of the Athenian newspapers were confronted with two facts that seemed to contradict each other. In Athens, the government spokesman described the "constructive" discussion between Turkish Ambassador Alatsam and Deputy Minister of Foreign Affairs Kapsis regarding the known moratorium. The Turks accept the "truce" in the Aegean, if it will create the climate necessary to begin the Greek-Turkish dialogue. In Ankara, however, the representative of the Turkish Ministry of Foreign Affairs, Mr Akiman, was quick to give the "truce" this special meaning: that it does not include the 10 miles of Greek air space, but only 6 because that is all his country recognizes and that is all the Turkish Air Force will respect.

Once again, the offering of the "olive branch" by the Greek Government fell upon the persistent irreconcilability and provocative aggressiveness of Turkey that had a few days earlier violated Greek national air space with no provocation for a distance of 5 miles. The government spokesman answered Akiman, saying that the air space is 10 miles and is an inseparable section of our sovereign rights and this has been made clear "in every direction."

From the same night, but especially from the next day on, government officers and important government executives avoided giving any answer whatsoever to the question of whether there will ever be a moratorium or will Ankara kill it. They were saying, however, that after the new meeting between Kapsis and Alatsam Wednesday morning, the only thing that remains is Turkey's answer.

Mutual Clarifications?

What then was Akiman's statement all about, when it appeared to ruin the optimistic image from the "constructive" discussion between Kapsis and Alatsam? According to the government spokesman did it not become the subject of a new discussion between these two men the next day? And why does the Greek Government wait for the final word from Turkey now, when the spokesman for the Turkish Ministry of Foreign Affairs made the advance announcement that Turkey will continue to violate Greek air space within the 10 mile limit that Greece had extended it to for the past 50 years.

There was no official answer to these questions. There were, however, some indiscretions that add up to the following scenario: that the statement of Mr N. Akiman and the answer of D. Maroudas were dictated by the need to declare publicly that the moratorium does not mean that each side is retreating from its positions. This is spelled out in the Greek definition of the moratorium, but Ankara did not wish to restrict itself to this description and with Akiman's statement clarified its questioning of the 10 mile limit, not to violate it during the time of the moratorium, but to legalize its position and include the matter in the ensuing dialogue. The Greek Government again outlined its unnegotiable position in the present status of the Aegean as a fact that cannot be the subject of review.

Open Subject

This scenario is based on the premise that the decision for starting the Greek-Turkish dialogue was taken by both sides, a dialogue that certainly will take a long time and that will require the processing of a long-term strategy to stabilize the present status in the Aegean and to guard the territorial integrity of the country. A strategy that will keep the "Greek case" open in every direction, especially toward the West and will avoid reducing the "Greek-Turkish problem" to a bilateral matter.

It is a fact that Turkish expansionism threatens to amputate Greece. And this is independent of the help given to Turkey by the United States and NATO as a result of their more general objectives in the Middle East area. According to one possibility considered by circles close to the government, the strategic orientation of the Americans east of Turkey, the transportation of Turkish military forces from the Asia Minor coast to the depths of Asia weakens the pressure on the Aegean and helps the Greek handling of the matter. It is a possibility that can be backed up by recent examples, such as the undoubtful pressure on Turkey to accept the moratorium. In no case, however, would this justify a change in the order of battle of the defensive front of the country that is being proposed for some time by the NATO partners.

Revelation

The adventures of the moratorium since last March, when during the meeting of Greek Ambassador to Ankara D. Papoulias, with Turkish Minister of Foreign Affairs Turkmen, both Greece and Turkey agreed informally to the moratorium until the violation the day before yesterday of the Greek waters in Rhodes by a Turkish coast guard vessel, since Mr Ulusu's pledge to the leaders and prime ministers of the country-members of NATO in Bonn had taken place to avoid provocations in the Aegean and while the diplomatic effort is continuing to define the content of the moratorium, make up the latest unprovoked revelation of Turkish expansive objectives in words and deeds in the Aegean.

The "abatement" that certain people were quick to propagandize turned out to be an empty word, at least during this period and up until this time (Thursday morning) it is not known how "positive," according to CUMHURIYET, the response from Ankara was to the Greek proposals. Greece cannot even trust the Turkish "signature" even if the moratorium is agreed upon. Naturally, in case the Turks back out or prolong matters under any excuse, the Greek Government will have diplomatic weapons regarding Turkish unreliability. One can suppose that this will take a long time.

STRIKES SAID TO FORESHADOW CRISIS OF CONFIDENCE

Athens I KATHIMERINI in Greek 27-28 Jun 82 p 4

[Article by St Kouloglou: "Strikes Foreshadow Crisis of Confidence for Government"]

[Text] A crisis of confidence in the government is starting to appear among its followers and voters. The success of recent strikes and the announcement of new ones suggests more than the intention of the strikes to secure income. It suggests the existence of a "feeling of being taken," emanating from the nonfulfillment of many promises, from the grants and also from the change in attitude toward the working class. In view of the municipal elections, PASOK appears to worry about this possible switch by some portions of the electorate, especially toward the KKE.

"I am not going to vote for PASOK at the next bank elections," we were told a few days ago by a labor union official or DISK [Democratic Trade Union Movement] (as the PASOK bank employee unit is called) who left because he did not agree with his unit about the strike of OTOE [Federation of Greek Bank Employee Organizations]. "Indeed," he continued, "I do not know what to do about the municipal elections."

We believe the example is characteristic of the differentiations that are taking place in labor circles after 8 months of PASOK administration and after the first frictions or clashes with government policy.

A careful study of the OTOE strike could complete the picture. The strike demands that were finally developed by the bank employees are very far from their original proclamations and are even more modest than the positions projected by the labor union officials of PASOK when they were supporting OTOE demands 2 months ago. As it is frequently said, the proposals of the strikers differ very little from the proposals projected by the bank management during the negotiations. The explanation for the curious insistence of the bank employees and the success of the strike was given by another lady labor union official who is a member of the administrative council of the employees union of a bank: "Two days after the strike started, when the prime minister went on television to ask us to return to work, we thought everyone would go in on Monday. And yet no one went."

Perhaps we are dealing with a continuously developing "feeling of being taken" that pushes aside other thoughts or objectives and defines the status of social

charges that were the political or electoral supports of PASOK, while now they are being made aware that their incomes are getting worse despite the promises they were given from time to time.

This feeling, that apparently is not limited to bank employees, worries PASOK leaders both for the political impact it may have and the repercussions it may have on the cohesion of PASOK and its labor union units.

It is true that PASKE [Panhellenic Militant Workers Trade Union Movement] has widened its influence on some branches of workers as became evident during certain elections. In other cases, however, PASOK members and officials who had been trained differently, feel powerless to support the government's policy when confronted with criticism, especially by the KKE that now appears to speak the language that they themselves were speaking a short while ago.

The KKE Candidates

It is certain, however, that the recent developments helped the KKE homogenize its lines. It is more or less known that after the elections, especially when the new government took action that satisfied the demands of the traditional Left (recognition of the national resistance, abolishment of law 330, etc.), a serious problem appeared in the KKE regarding the policy it should follow against the government and many questions arose as to whether the points that separate the two parties are of such great significance so as not to make PASOK a worthy partner of an "anti-imperialistic alliance" but an "obsolete party of social democracy." Officials who expressed different opinions were accused of indirectly being influenced by PASOK and directly by the climate of "class cooperation" that is being promoted by PASOK. Esoteric texts and articles in the KKE publication tried to popularize the differences between the two parties and to stress the "pioneering role" that the KKE would have to play under the new circumstances. The same dissension that erupted between the two parties (and certainly assumed extreme proportions) started at the initiative of the KKE and was dictated by the need to "set the boundaries of the party."

The clarification of PASOK policy, especially on national matters (remaining in NATO and the EEC, keeping the American bases, Haig's visit etc.) worked almost automatically to define clearly the special identity of the KKE. At the present time, the KKE appears to support effectively many of the positions that elected PASOK, but that were not pursued by PASOK. Because of this, both its leadership as well as its officials who believe that the present dogmatic policy of the KKE restricts it to a peripheral role in political developments believe that they can attract a part of the dissatisfied PASOK voters.

On the basis of this evaluation, the KKE plans to support separate candidates in the main cities of Greece where the battle of the municipal elections assumes a mainly political character. Specifically in the Athens area, the KKE is considering a candidate who is not necessarily a "party man" and who has a wider influence. This person is being sought by the ranks of a movement that is close to the KKE and that was established recently for the purpose of intervening in the problems of the capital.

In Salonica, it will probably support the present mayor, even if PASOK, as published in the Sunday issue of TO VIMA, will submit the candidacy of the present minister of commerce. The same tactic will probably be followed in Patras if PASOK does not support the present mayor. Finally things are more complicated in Piraeus because with the existing correlation of forces, the KKE can be accused of "undermining the democratic front," while the present deputy minister of commerce, Mr Papaspyrou (who according to the same publication will be supported by PASOK) is considered by the KKE to be a "positive element" who "maintains contact with the working class and the mass movements."

The Criticism of ND

Would it not then be an exaggeration if we conclude that PASOK is presently more in danger "from the Left" than from its Right. To the contrary, the "New Democracy" appears helpless in carving a clear as well as effective opposition tactic. The selection of citing dangers and the return to the "tired" but obsolete propaganda is more indicative of a return to the past and does not in any way suggest a willingness to learn from experience and correct the old mistakes. An indication of this is that the OTOE workers or the bus employees made negative comparisons and identified the present policy of PASOK with the policy of the "New Democracy." As a matter of fact, in its present policy, when the "New Democracy" criticizes PASOK, it helps it pull its forces together and when it agrees with PASOK, as for example in the handling of national matters, it favors the propaganda of the KKE.

The government appears to be aware of these developments and has a problem in coping with them before the municipal elections. Surely the first step in reconstruction, but the government wants to achieve it to such an extent that it would not even have the character of a radical reorganization (that would give the impression of the failure of many in many areas), while on the other hand, it gives the image of a new course.

Perhaps this is the reason, beyond the selection of the persons and consequently the necessary deliberations and equalizing, for the prime minister's hesitations and the clashing and contradictory information that is being published by the press.

It should be considered sure, however, that within the framework of "reconstruction," Mr Papandreou plans to turn to domestic problems. It is indeed possible that he himself will undertake the supervision of government activity in these sectors, an action that surely is made easier from the recent achievement of a "truce" in the Aegean, even if it is a temporary one.

More specifically, to stop the drift "to the Left," the government plans to engage in certain spectacular activities during the summer, according to some reports. One of these activities is the completion of the legal task for the recognition of the national resistance. It even provides for the invitation of an old leading official of the KKE to Athens who had played a very important role during the critical periods of the communist movement. This individual was a scapegoat for the old KKE leadership, without having been reinstated. With this action, PASOK hopes that by opening an ideological front

with the PKE it will bring back the voters of the traditional left who voted for PASOK during the recent elections, but who are now dissatisfied with both the domestic policy of the government and the bad handling of foreign affairs.

How many of these plans will achieve their purpose? It is perhaps too early to tell. It is certain, however, that the municipal elections will be an indicator, not just a plain gauge but quite likely a decisive reading on the course of political developments.

9346

CSO: 4621/417

INDEPENDENCE MP GUDMUNDSSON EXPLAINS OPPOSITION TO USSR PACT

Reykjavik MORGUNBLADID in Icelandic 17 Jul 82 pp 18, 19

[Text] The so-called Soviet Pact, signed 2 weeks ago in spite of forceful opposition from such Independence Party members as MP's Albert Gudmundsson and Eggert Haukdal, has caused wide-ranging debate during the past few weeks. The day after the pact was signed, MORGUNBLADID reported that Eggert Haukdal, an Independence Party member supporting the present government, had written a letter to the Prime Minister the day before the signing and warned against this action, stating that the government should not count on his support if the pact were signed.

Albert Gudmundsson forcefully criticized the pact and walked out of a meeting of Althing's Committee on Foreign Affairs as a protest to Foreign Affairs Ministry Permanent Undersecretary Thorhallur Asgeirsson's reading of a statement submitted by a representative of an interest group supporting the pact. Yesterday in an interview with Albert Gudmundsson MORGUNBLADID asked him to clarify his attitude towards the present government in view of his criticism of the pact with the USSR.

"First of all let me recapitulate the history of this affair in order to make what I have done clear. The first I knew of this pact was that the two ministers who examined it had originally opposed it but later changed their minds and approved it. These two ministers were Minister of Commerce Thomas Arnason and Foreign Minister Olafur Johannesson."

No Answers

"What awakened my concern about the pact was the news that the Foreign Minister, who is known by the nation for his steadfastness, should change his mind. Upon examining the pact's background further, I realized that there had been no changes made to it which could explain the Foreign Minister's change of heart. In spite of my repeated queries as to the reason for the two ministers' change of position from opposing the pact to supporting it, no answers were forthcoming."

Still No Answers

"The Foreign Affairs Committee's first meeting originated from Moscow's Department of Foreign Affairs requesting a conference with Iceland's ambassador there, at which he was presented with a preliminary draft of the pact having to do with economic and commercial cooperation. He was also told that the pact could prove beneficial to Iceland and that a Soviet Minister would arrive in Iceland in the beginning of July in order to sign the pact. Should the pact not be signed, the consequences could be decreased trade with Iceland in the future. In other words--a definite pressure. I also queried the Committee on Foreign Affairs as to the topic of discussion at the Moscow conference and got no answers."

And Still--No Answers

"Upon discovering that the Soviet Ambassador here had met with our Foreign Minister, I asked what had taken place between them and got no answers. No information forthcoming."

"Mention was made of the pact being similarly worded as previous pacts made between the USSR and other Nordic countries and, likewise, with several different nations in other parts of the world. I requested permission to see the cited pacts, but although that permission was granted, they were never delivered into my hands, not even when other committee members got them before their next meeting, which was held a few days later."

Abnormal Interference

"At the first Foreign Affairs Committee meeting on this matter, a talk with a representative of the interest group favoring Soviet trade was suggested, but that suggestion was voted down as irrelevant. A suggestion to solicit a statement on the pact from this interest group was also made, but such a statement was also deemed not necessary."

"At the second of these meetings, the Minister of Commerce was not present, but the Permanent Undersecretary of the Ministry of Commerce was, and delivered a signed document from representatives of the Interest Group of Exporters Trading with the USSR. I deemed this abnormal interference, and strange behavior from the Ministry of Commerce Permanent Undersecretary in appointing himself a special representative of a pressure group and an advocate for the pact under discussion."

No Worse Than the Finnish Pact!

"Later the Foreign Minister was quoted as stating that this pact was no worse than, for example, the pact Finland made with the USSR. I must say that we Icelanders really have reason to worry about a trade position comparable to the one Finland has had with the USSR ever since the end of World War II."

Ministry Undersecretary's Deception

"The Commerce Ministry's Undersecretary has also been quoted comparing this pact with the Icelandic ones with the EC and EFTA (European Free Trade

Association). Such a comparison is obviously made in order to deceive the unwary, as those pacts were discussed by the Althing. In spite of repeated requests from us in the Independence Party for discussion by the Althing of the preliminary draft of the USSR pact, this was literally prevented--probably by the Soviet's insisting on an early July deadline during the Althing's recess for summer vacation."

Certificate of Morality

"Iceland is a small peaceful country, an independent country. Iceland is respected among all nations. The USSR's reputation among the nations of the world has declined enormously because of their behavior toward small nations, and it is therefore very important to them to receive a sort of a certificate of morality from the Icelandic government. Therefore, my first objection to the draft was that in the very beginning it mentioned the Helsinki Pact, which I do not consider in any way having to do with a pact on economic cooperation and trade. It is of course only mentioned for propaganda purposes."

A Matter for Concern

I had numerous other objections. The pact's first article states that the parties will endeavor to strengthen economic cooperation between the USSR and Iceland based on equal rights and equal advantages to both parties and according to laws and regulations in force for each nation. There can be no comparison here. On one hand is Iceland, one of the most open and accessible countries in the world, on the other the USSR, one of the most closed and inaccessible. These two countries are supposed to work together according to each other's trade and economic regulations. Anyone can understand the disparity in positions. There is no reciprocal obligation for the two parties to supply information on economics and trade. There is no mention of such an obligation in the article. We have here nothing but empty words, and this is bound to cause concern among other nations with whom we engage in trade, and which in turn could endanger our position as a small free country.

Reciprocal Informational Obligation Out of the Question

"This reciprocal informational obligation will of course never be possible because freedom of action and movement for Icelandic agents in the USSR is limited to a specific radius and the only information on economics and trade in the USSR accessible to foreigners is information officially provided by the government.

"On the other hand, Soviet officials and their staff have complete freedom of action in Iceland. They can themselves procure any information on our catch, its quantity, quality and production capacity. They know exactly how much of the production is unsold, they know of our need to unload it and they are also aware of the country's economic position from one day to the next. They know of our need to dispose of our production and how quickly. Therefore, they can themselves determine the price and determine the basis for negotiations each time.

"We, on the other hand, have no way to determine the USSR's need for our products, indeed we do not even know whether they have any need whatsoever for our trade. We do not know if they trade with us because of need or in order to maintain their position here--a position of importance to them because of our country's geographical position. Neither do we know how great a need they have to sell us oil or other products or what price they must get because of their internal economic conditions. Thus, they can also determine the offering price for their products.

"Thus, reciprocity will always be out of the question. One party has free access to all information about the other."

Renunciation of Power

"The fifth article is worded in such a way that a committee legally bound by this pact and meeting as needed in Reykjavik or Moscow shall both author and approve any texts without, according to the wording, submitting such texts to the Althing for signatures or approval. The committee is given such power of proxy as to, in my opinion, negate certain powers which the Althing has entrusted to the Icelandic Government. The Ministers' rejoinder that they are obliged to sanction all signatures makes no difference here. The pact should have included a limitation of the committee's power."

No Voiding Clause

"The last article of pact states clearly that it shall be in force for 5 years, after which it can be rescinded with 6 months' notice. However, although the pact shall be voided upon such action, it is emphasized that all contracts made within the framework of the pact shall be valid and no mention is made of how they shall be voided.

"These are the main points of this Soviet pact to which I object and against which I caution. I am amazed that any Icелander can be of the opinion that the Independence Party erred in its position against this agreement, and by urging a debate by the Althing over the draft and this whole matter before approval of the pact."

The Pauper and the Icelandic Republic

"Let me illustrate by saying that a pauper who inherits wealth and squanders it and again becomes a pauper is worse off than he was before he became wealthy. I liken the Icelandic Republic to the pauper. Generations of our forefathers struggled through the ages in order that we who have inherited this land might be independent. They expected us to treasure this independence, but if we do not take care we might in a short while become so dependent on others as to slide back to the same position in which the earlier fighters for independence found themselves."

The Opponents' Vehemence

"Since the signing of the pact, I have wondered about the vehemence with which the opponents of the Independence Party have defended this Soviet pact. thus, my position on the pact is clear.

"Thus my stand as far as the government is concerned must also be clear. It is in times like these that a strong Independence Party is especially important. Party members throughout the land and all those who fear foreign interference must take the time to give that some thought," said Albert Gudmundsson.

9981

CSO: 3111/49

INDEPENDENCE ALTHING GROUP CHIEF CONFIDENT IF EARLY VOTE

Reyjavik MORGUNBLADID in Icelandic 24 Jul 82 p 8

[Excerpts] "I don't expect the present government coalition to be able to agree on any realistic action concerning the economy, least of all this late in the electoral term, said Olafur G. Einarsson, Chief of the Independence Party's Althing Group," in an interview with MORGUNBLADID a few days ago. There are many indicators of a weakening position of the government during the upcoming parliament compared to the last one--if it lasts at all. A government as lacking in strength and unison as this one should go down. On the other hand, the People's Alliance and the Progressives are scared to death of elections. Perhaps this fear will increase this government's staying power. So now they're trying to save what can be saved--per usual nothing but pretensions.

They're Reaping as They Sowed

It's hard to know where to begin, said the Althing Independence Party Delegation head when asked about the Independence Party's accomplishments in Parliament. During the last session, we sponsored many and varied bills and resolutions: 1) On energy and utilization of energy sources; 2) on transportation, including permanent road construction; 3) on agricultural programs; 4) on taxes and state finance; 5) on industrial programs, 6) on banking, etc., etc. A survey of bills sponsored by us by Birgir Isleifur Gunnarsson was recently published by MORGUNBLADID--an adequate reference. The last session was in many ways unique. There was little action. As so often before lack of mutual faith marred most actions. This lack of faith has its origins in the formation of the 1980 Government when the leaders of the Progressives and the People's Alliance thought they saw a chance to destroy the Independence Party' when the IP deputy chief offered to save Althing's honor and at the same time solve the nation's problems--by cooperating with the IP's chief opponents.

Those who participated in that game are now reaping as they sowed. There is perturbation among them.

What developed during the session was caused by the weakness of the government. Hardly any of the government's bills made it through Parliament without extensive revisions. This is particularly true of major bills. Some bills of particular interest to the government never surfaced at all. Anywhere except

in Iceland a government facing such problems would have abdicated. Here, however, the only agreement within the government is to prevail if nothing else. Under such circumstances, it is difficult to predict anything, and certain premises must be made. Take the repeated statements of the Prime Minister and the Chairmen of the People's Alliance and the Progressive Party concerning the Government prevailing till the end of the electoral term, meaning that unsolved national problems will snowball into the future. There is no cooperation within the Government--one hand is against the other. We are now suffering for the initial deception in the beginning of the year 1980.

Even though these people realize now how their following has diminished and how erroneous their course has been, they still may try to keep the Independence Party out of the Administration for another year. That is one thing the leaders of the People's Alliance and the Progressive Party agree. But one thing is certain--in such a case, the national interest will not be served.

Wrong Government Direction

We Independents have for year been pointing out the fact that the present Government's policies would of necessity lead to contraction and even a complete standstill of the economy, on which our present standard of living is based. This prediction, unfortunately, has now come true. The only reason the economy is still more or less viable is that most of the time during the present government's rule, foreign markets have been favorable. But we cannot forever count on fortune's smiles. We have reached the utmost limits of utilization of the fish stock and foreign markets are becoming difficult because of increased domestic costs and foreign competition. In the past, "rescue" has consisted of borrowing--even foreign borrowing--in order to take care of unfavorable balances. Such "rescue" does not last. The end is in sight.

We Independents consider a balanced economy basic, along with possibilities for growth and expansion wherever possible. The national economy needs new supports. Increasing the national production which at present is shrinking is the premise on which to build an improved general standard of living in the country and strengthen the nation's economic independence. In order to accomplish this, the government must change direction. Both government spending and taxes must be cut, prices should be allowed to find their own level as is the case with other Western nations, equitable and balanced interest rates must be achieved, and a vigorous industry and energy policy must be established.

Employment on the Reykjanes Peninsula

Employment on the Reykjanes Peninsula is almost exclusively based on fishery and related production. Thus, it is of utmost importance to secure a sound basis for this production. In many ways, related expansion has been slighted--many freezing plants have closed in past years. This development must be turned around.

Helguvik and Airport Construction

Moving the oil tanks is of utmost importance: In order to prevent pollution, ensure uncontaminated water, and because of urban planning in the neighborhood. The choice of Helguvik was the decision of a committee after a most thorough investigation. Further recommendations should not be necessary, and I actually believe that the matter by now is closed. There is no way the People's Alliance can hinder this development now unless the Minister of Social Welfare manages to come up with some objection on account of urban planning.

The present terminal building at Keflavik Airport is an absolute scandal. It is demeaning to have to pass through the area. It is absolutely necessary to operate the Defense Forces area and commercial aviation, and that is not possible without a new terminal building.

It is a grave responsibility to prevent this construction now, and one clause in the Pact between the Governments has become a sop in the hands of the People's Alliance. It is also a given that the United States should contribute to the cost of construction which will be to the benefit of both countries, and if the contribution which is now being offered is not accepted, we run the danger of it now being available later. The deadline for construction start is 1 October and we're talking about \$20 million U.S.

Working conditions at the terminal are totally unacceptable--for example just about all fire regulations are completely ignored. The terminal represents Iceland to thousands of air passengers between Europe and America every year, and a new terminal is a prerequisite for a separation of Defense Force activities and commercial aviation activities. The People's Alliance loves to have something to complain about--even though it may cost the nation millions.

The Aluminum Factory in Straumsvik

When asked about the aluminum factory in Straumsvik, Olafur said that no matter how you look at it, the Minister of Commerce's activities have been very destructive. Considering present operational problems, any suggestions of Iceland buying the factory is pure nonsense. We're lucky not to be saddled with such a property considering the aluminum market today.

Looking Forward to Elections

After discussing the interests of Reykjanes Electoral District for a bit, your reporter brings up the Althing group again. Olafur states that the Group now as always is working on policy formation for all major national concerns. A special committee chaired by MP Petur Sigurdsson is charged with that task which is nearing completion. We are alert to all developments concerning the nation.

I am looking forward to the elections. The result of district elections indicate what may be the Althing elections' result. The People's Alliance's reac-

tion seems to be to utilize both the Progressives and the Social Democrats as crutches for shoring up their power. Perhaps their concordance in the matter of the "Russian Pact", an unnecessary and dubious "economic pact," is a sign of things to come.

The shine is off the present government. Most of their promises are now proven empty. Inflation gallops on and the fate of the electoral districts' reapportionment has been endangered by protracting the tasks of the constitutional committee. If that committee does not formally present its proposals to the Althing this fall, the Independence Althing Group will do so in the interests of human rights.

County elections also showed that the problems which our opponents thought they were creating within the ranks of the Independence Party turned out not to be as severe as they had hoped. I think the Althing Group handled these internal difficulties properly. The attack against the Independence Party failed as the next election of the Althing will show.

The government is weaker and even more splintered than before. Fear of elections keeps it from collapsing, but how long I don't know. The Independence Party is the most powerful political force in the country and the only choice against the leftist phalanx led by the communists. The tactics of the People's Alliance are easily seen through and make for an easy choice in the next elections.

9981

CSO: 3111/49

PAPER VIEWS POSSIBLE GOVERNMENT COLLAPSE DUE TO USSR PACT

Reykjavik MORGUNBLADID in Icelandic 17 Jul 82 p 18

[Editorial: "Looking for Help"]

The Government's situation is now such that isolated Ministers are looking for help from outsiders. We hear tell that both People's Alliance members and Progressive Party Members have approached Social Democratic Party members with the suggestion that they join the government or grant it neutrality in order that it may continue to govern with some sort of majority support in Althing. At the same time, Ministers break ranks over recent suggestions to rescue the trawlers. Latest developments in that issue include Deputy Prime Minister (in Gunnar Thoroddsen's absence) Palmi Jonsson's support of the People's Alliance's position. He considers the Progressives' suggestion to transfer the onus of the trawler operation onto the state treasury "totally unacceptable." Furthermore, Thordur Fridjonsson, Economic Adviser to the Prime Minister, has spoken out and declared his opposition to Steingrimur Hermannsson's and the Progressives' course in the stern trawler's business.

Although the Progressives have never been known for practicality when it comes to economics and finance, it's a bit startling to find them even less realistic than the People's Alliance. Perhaps the Communists feel that the attack against trade and employment is successful enough for now--no more is needed to increase the government's role there. By aiming directly in that direction "it can't be denied that we're sinking fast," as Ragnar Arnalds put it, and that's exactly what will happen with increased government intervention--the Communists' fervent wish. It would be no surprise now to see the socialists step into government as a logical conclusion to this strange adduction towards nationalization. Nationalization and government operation are the basic tenets of social democrats here as well as everywhere else.

The debates on economic solutions within the administration sound like nothing so much as attempts to form a new government. So there is nothing strange about these feelers to the social democrats. In the spring of 1979, Progressives joined the social democrats and the communists in formulating the so-called "laws of Olafur" as the economic solutions then were named. No doubt they now think that the time has come to make up some new laws in order to make sure that we do indeed sink.

9981

CSO: 3111/49

PRESIDENTIAL OPTIONS UNDER NEW CONSTITUTION ANALYZED

Lisbon O JORNAL in Portuguese 13 Aug 82 pp 4-5

[Text] "When the final text of the new constitution is put in the hands of the president of the republic within a few days, the countdown toward the launching of a new political party will have begun."

This statement is no novelty in itself. Various observers of the Portuguese political situation will agree with this analysis, as it was set forth for us this week by circles close to General Eanes. A new party, that of which there has been singularly insistent talk in recent weeks, would be an offshoot, one way or another, of the president of the republic as an individual. But for the time being, it is impossible to say more than this.

Will the president want to assume leadership of this new party group himself? Will he be willing to sponsor this new movement, without playing an active role in it? What type and strategy of political action would it adopt?

The possible reasoning at this stage involves the weighing of various possibilities, related, naturally, to whether or not General Eanes continues or not as president of the republic, and the timeliness of capitalizing on two or three political factors which apparently favor him. But one thing seems certain: The party chessboard is likely to be enriched--or at least altered--by the existence of a new political party within a relatively short period. The general staffs of the major parties have already perceived this. The PS [Socialist Party], for example, which just a short time ago pressured the president to define himself in party terms, probably in the belief that he would not do so, has already stated, through its secretary general, Mario Soares (on the RTP [Portuguese Radio-Television System]-1 program called First Page) that not only is the establishment of a new party legitimate, but a clear ideological definition is expected of it. And the PSD [Social Democratic Party], which has navigated in these arrogant waters with regard to the "new party," has maintained a virtuous and cautious silence. The emergence of a new party before the end of the year might prove catastrophic for Francisco Balsemao's party.

What is the source of this now near-certainty that a new party will emerge? First of all, the publication of opinion polls (even commissioned by the government) give it a significant potential with the voters for the traditional parties. And however much an attempt is being made to minimize the

known results (see the article by Maria Eugenia Retorta on page 14), various political sectors agree that the polls serve, here as in other instances, as major indicators of the inclinations of the electorate.

Secondly, the party leaders are aware that the text of the revised constitution resulting from the AD [Democratic Alliance]/PS agreement is far from pleasing to the president of the republic. Eanes believes that the basic charter, as it will be implemented, substantially changes the political-institutional framework within which he was elected in December of 1980. And where this text is concerned, the president "can not fail to be aware" of the minimal opportunity to "define himself," which might be the first step toward establishing his political autonomy within the existing party context.

Finally, the president himself (habitually "very cautious," as Mario Soares has acknowledged) has already admitted that "there is room" for a new party in the social-democratic and democratic-socialist sector--for which, read a center-leftist party. With the constitution in hand, will Eanes be prepared to take the step? And if so, what step?

First: Not Until 1985 (If Then)

Has Eanes always had the intention of playing an active role in political-party life beginning in 1985? It is difficult to say. What can be said is that the president has always doubted the possibility of working with a presidential majority and a cabinet majority differing in orientation. Bound to a strategy of party support by the agreement he signed with the PS, Eanes still believed, in the months immediately after his reelection, that advantage could be taken of certain truces and of the political personality of Prime Minister Francisco Balsemao to stabilize the political situation. In two words, Eanes believed in the solidity of the majority which emerged strengthened from the October 1980 elections, and he thought it possible that if the PS honored the commitments made in the agreement it signed with him prior to his reelection, the conditions would exist for a "balanced" revision of the constitution. Beyond that, the president, who had long since ceased to believe that the president could act without the support of a party group, even though it might be a minority, under a semi-presidential system, thought that his close collaboration with the socialists would make it possible to strengthen and broaden the sphere of influence of the party headed by Mario Soares, at the same time creating the conditions necessary for the desired PSD/PS coalition. Situating himself by preference in the socialist sector (since the PSD is more nearly a liberal party than a social-democratic one), Eanes thought he could create the space for the election of Mario Soares to the presidency of the republic in 1985, with his specific support. Did Eanes plan to become active beginning then within the PS or one of the small groups included in the FRS [Republican and Socialist Front]? We do not know. What seems certain is that the president soon abandoned hope for this ideal scenario. The AD showed signs of structural weakness and a lack of leadership; the PS broke with the FRS (within which the president could best envision his political place), paving the way for separate negotiation of the guidelines for constitutional revision; the political-party situation, far from being clarified, became still cloudier; and, as a result of all of this,

political instability, institutional guerrilla warfare and the deterioration of the economic situation forced the president to rethink his strategy.

During 1981 and the early months of 1982, the president may have thought that his function was to endure the situation inherited from the electoral processes of 1980 until his second term had been completed. Eanes believed then that it was necessary to prepare for the candidacy of a civilian, who would take office in Belem in 1985, undertaking immediately to establish a political force to support this candidate, who would win his place in the party picture, once the electoral schedule calling for early legislative and presidential elections had been carried out. Eanes could assume the leadership of this new party group and eventually return to heading the government if this party emerged victorious from the legislative elections, or he could very simply bide his time in the party leadership until the situation stabilized.

This was also the interpretation of a substantial portion of his supporters, although even then there were discordant voices urging that the president assume full political action before the end of his mandate. Now what is happening at this time is that many of those who defended that ideal solution now agree that the situation is likely to deteriorate intolerably as 1985 approaches. And although the plan still has its advocates, the recent statements made by Eanes may suggest that the president is now persuaded that "this can not be tolerated until 1985."

Second: New Party, But No Resignation

One acceptable possibility therefore calls for the early (in relation to 1985) establishment of the "new party." But everyone seems to agree that Eanes should not assume a direct role in the establishment and development of the new party while he is president of the republic. Some factions among the general's supporters believe that a "partial" form of party activity would be possible for the president of the republic. Recognizing that the economic situation is rapidly deteriorating, that the text of the new constitution represents a clear departure from the context within which he was elected, that the existing party spectrum is incapable either of governing or of achieving the desired stability for our democratic institutions, the president would leave the door open for the establishment of a new political force, which would emerge in such a way that its association with the president would be practically automatic in the course of the coming months. The advocates of this solution believe that such a party would not be "Eanist," both because Eanes would have no direct affiliation with it, and because its goal would not be to guarantee the continuation of his political career. Its objective would instead be to establish a force to support the president of the republic, making preparations meanwhile for any emergency.

This emergency might at any time be the dismissal of the cabinet and the convoking of early elections, in which this new force could compete under favorable conditions, advocates of the idea say. Even if there were no recourse to dismissal of the cabinet and dissolution of the assembly, this group would already be able to participate in the general elections in 1984.

One of the defenders of this thesis says that "This would without a doubt be an electoral force indispensable from then on to the definition of the regime."

Third: Resignation and a New Party

The weak point in this solution is pointed out by other factions which could perhaps more strictly speaking could be called "Eanist." There is no guarantee that the support which can now be detected in a large part of Portuguese society for Gen Ramalho Eanes can be transferred to a party in which he is not directly active. "The issue of support of Eanes will dictate the 'chances' of the new party to a great extent," one advocate of this solution says. "What seems to be the case is that people are still fearful of acknowledging that we are faced with a new political situation. It is no longer a matter of the credibility which the parties have lost, nor even only the discontent with our present politics, but rather a positive dynamics demanding something new and embodied in General Eanes."

In the view of these people, any new party solution which is not directed or personally sponsored by Eanes would be condemned to failure. Eanes would be not only the adhesive which would cement diverse intentions, but also the standard-bearer of a new "political morality," which is being demanded in diffuse fashion by broad sectors of Portuguese society. Beyond that, on the symbolic level, Eanes is seen as providing a large part of the leftist electorate today with the sole point of reference to 25 April with enough credibility and political strength to govern.

Some of the defenders of this plan propose a dramatic break with the present party structure. When the constitution is promulgated a few days from now, they would have Eanes address the country in a simple and direct speech, to show, through an a+b formula, that it would be impossible for him to continue as president. He would in such a statement resign, state the name of his candidate to succeed him, announce the creation of a movement he will head to support this candidate, and depart calmly for his home in Madre de Deus.

This solution, in the view of others, would have three major shortcomings. The first would be that it would push the issue of the candidate to the foreground. Now Eanes does not yet appear to have a clear idea who this would be, and from the range of possibilities available to him, it is reported that the president has had some refusals. Secondly, although it would be possible to reactivate groups which have functioned in the recent past (those in the CNARPE, naturally), it does not seem clear that this would be possible within a very short time. And finally, the effect on his own image if Eanes were to resign cannot be foreseen, apart from the fact that this would reduce his institutional weight. It is more "profitable" to provoke a crisis from Belem. The advantage won over the parties in this surprise move might be ingloriously lost.

Fourth: A Postponed Decision

There remains another possibility, possibly a more credible one. The president would inform the country of the reasons why the constitution he is promulgating seems to him to violate the framework within which he was elected. He would explain that he is nonetheless promulgating it because it is the product of the legitimate will of a legitimate assembly. He would remind the people that the majority parties have always said that they could not put their program into practice without a constitutional revision. He would point out the serious economic, political and social situation in which the country finds itself, and he would voice the conviction that, with the new constitution, the parties (particularly the majority parties) will cease to have any alibi for not governing well. He would then establish a period in which the majority must resolve the country's most serious problems within the new constitutional framework. The president would reserve for himself the right, at the end of that period, to take action in whatever way he saw fit.

How long a period might this be? Are the recent statements made by Vitor Alves, acknowledging that the dissolution of the assembly might occur "toward the spring" an answer, although indirect, to this question? And would the president limit himself to sponsoring the establishment of a new party, dismissing the cabinet later? Or would he resign from his post, hastening the institutional clarification which many believe is needed?

Fifth: What About the Parties?

"The only way of blocking the establishment of a new party would be the PS/PSD cabinet solution," a source close to the president of the republic told us this week.

Limited though the value of the available polls might be, they show that a party sponsored by the president would garner a large part of its support in the PS sector, and also in areas generally controlled by the PSD. But there are other indications: The recent resignation of the civil governor of Aveiro, Raimundo Rodrigues, who was elected by the PSD, with the statements he made at that time, to a great extent in favor of political-party intervention by the president, and what we were recently told by an independent PS leader who believes that "Eanes must act, and soon," suggest that the two parties which would surrender the most to the new political group might be precisely those which, at least arithmetically (and in terms of the results of the most recent elections), have the greatest potential for establishing a (new) stable majority.

It is known that, in demanding the dissolution of the assembly, it is obviously of such a possibility that Mario Soares is thinking. Social-democratic sources, some of whom foresee a speedy and violent death for the Democratic Alliance, have stated this openly. And yet...

However, Soares continues to reject any pre-electoral compromise. Now some observers feel that a considerable portion of the potential supporters of the

Eanist party are tired of waiting for the two main Portuguese parties to reach agreement on a cabinet solution. This is an appeal to a broad center-leftist sector included in the Eanist definition of a "new party"--as if to indicate that it is needed in order to put in power a sociological and political majority which has never made itself heard.

No solution of this sort seems possible, however, in the short run. First of all because Soares insists on prior elections, and secondly, because the PSD congress, the only level on which a strategic change of this sort could be approved, will not be held until January, and finally, because the PS itself is not theoretically to hold its congress until March.

Given this picture, the possibility that a future new party would lose a large part of its reason for existing (if it were conceived solely to provide a new visage for the same party dynamics) seems to be blocked.

The worst of solutions, for the PS as well as for the PSD, would be a major acceleration of the process of establishing the new party, which would leave both coping with internal wounds, perhaps suddenly reopened. In both cases, the opposition to the socialist and social-democratic party leaderships would not fail to point to the establishment of the new party as a result of the "incompetence" of Mario Soares and Francisco Balsemao.

Acceleration of the process of establishing the new party is only of interest, for the time being and without reservations, to the CDS [Social Democratic Center Party]. Freitas do Amaral believes that the party should emerge quickly, before the arguments among the various factions making up the "Eanist galaxy" can block the possible success of the party.

Does this mean that the Christian democrats view the creation of a new party favorably? Without a doubt: The fact is that they can only gain thereby. A strong presidential party, whether Eanes remains in the presidency or whether he resigns, would place the party issue in the field the CDS prefers--allowing it to radicalize and take advantage of the center-rightist and right-wing voters disillusioned with the PSD. In the short run, it would also prevent the PSD/PS alternative from being implemented. Furthermore, if certain factions gave it electoral support, the CDS might grow into the second largest Portuguese party, becoming the focus for all opposition to Eanes and "his" party.

And if the president deemed it essential to resign his post in order to establish the party, it is difficult to visualize the emergence from the dominant majority of any candidate for the presidency, other than Freitas do Amaral, with the credibility to challenge the candidate supported by the outgoing president.

Would a new party, a strong one to boot, push the CDS toward the right? Possibly. But, according to centrist leaders, it would contribute to the definite strengthening of the party. And knowing that the sympathies of the Christian democratic voters would only be transferred to an Eanist party,

even if specifically center-leftist, to a very limited extent, the "drain" on the center sector would be limited to a few leaders. "The internal situation would even be clarified," a centrist source told us this week.

There remains the PCP [Portuguese Communist Party]. Recently, Alvaro Cunhal was willing for the first time to speak of "independents" as an alternative to the establishment of a power bloc, while at the same time stating that the establishment of a new party would not be a surprise. The communists might hope for some qualitative victories if the new party were to play a determining role in the distribution of power in Portugal. By "qualitative victories," we mean here a moderation of the pressure which, particularly on the level of the state apparatus, has been exerted increasingly on its members, excluding them from the decision-making and/or information centers.

The price of this victory (or temporary gain thus achieved) would be paid by the PCP in terms of the loss of a substantial part of the APU [United People Alliance] voters, just as they abandoned it for the FRS in 1980, or to a slightly greater extent. This is a rather unstable, although clearly leftist-oriented, group of voters. What would prevent these people from voting for a party sponsored by Eanes of a socialist and democratic inclination?

These are the possibilities. The constitution, or rather the process of its revision, was the factor which put this whole universe of conjecture into motion. But to say that the establishment of a new party is only one step beyond the promulgation of the "new" constitution would seem an exaggeration. "It is necessary to wait until conditions mature," one of the president's colleagues said this week. Only there are two factions where this is concerned among the advocates of a new party: those who think that the "boiling point" has not yet been reached, and those who fear that with too long a wait, the fruit will rot and drop from the tree.

5157

CSO: 3101/58

CONSTITUTIONAL REVISION MAY ENHANCE LEGISLATIVE ROLE

Lisbon O JORNAL in Portuguese 6 Aug 82 p 5

[Interview with Antonio Arnaut, socialist deputy for Coimbra; date and place not given]

[Text] "This constitutional revision is placing emphasis on the parliamentary component in the government." This comment was made by the socialist deputy for Coimbra, Antonio Arnaut, when he discussed the constitutional revision, a process which is coming to an end, with O JORNAL this week. Arnaut is particularly critical of the changes made in the organization of the political authority and in constitutional control, and he believes that the elimination of the Council of the Revolution, as it was determined, "is a serious insult to the prestige and dignity of the council and its members."

O JORNAL: What can you say about the constitutional revision on balance?

Antonio Arnaut: It is still too soon to make an assessment, among other things because the merit of the revision or lack of it will depend basically on the way in which the government leaders interpret and implement the constitution. We must bide our time. In any case, and despite the concessions made by the PS [Socialist Party], which although it could have headed the revision, resigned itself to a secondary role, the constitution basically retains the major values of the 25 April movement: the basic rights and freedoms, social rights, the irreversibility of nationalization and the prospect of transition to socialism, through deepening political, economic, cultural and social democracy.

[Question] Are you then in agreement with this revision?

[Answer] Not entirely. I think that the constitution was unnecessarily stripped of a certain progressive content dear to all democrats. However where my disagreement is greatest--and for this reason I did not vote in favor of these changes--is in the portion pertaining to the organization of the political authority and constitutional control. This is in fact, as the right wing well understood, the decisive portion, since if basic rights are important, the way in which the political authority is exercised and supervised is even more important, because the actual recognition of citizens' rights depends upon it, in practice.

It is in this respect that the polemic issues exist with regard to the authority of the president, the double responsibility of the cabinet, the Constitutional Court and the Council of the Revolution.

Now in my view, the authority of the president has been reduced, and more than that, since he can only dismiss the cabinet under exceptional circumstances; he does not appoint any member of the Constitutional Court, and the prime minister will no longer be politically responsible to him, which means that the cabinet will not depend on the political trust of the president, as is the case now. This confirms the prophecy of my comrade, Mario Soares, who urged the limitation of the authority of the president of the republic in an interview granted to the German newspaper DIE WELT in December of 1980.

[Question] You do not agree with these changes, then?

[Answer] Obviously I do not, as I have always said, not only because I regard them as a threat to democracy under the present circumstances, but also because I think that the agreement between the PS and the PR [president of the republic] was not respected, and the parliamentary component of the government is even emphasized. It was for this reason that I did not vote for these changes, keeping the promise I made publicly not to vote in favor of them, but not to violate party discipline either.

[Question] What about the Constitutional Court?

[Answer] I believe that the solution adopted is not a suitable one for this body which is so important to democratic legality. It is the AR [Assembly of the Republic], and therefore the parties, which designate, directly or indirectly, all of the members, although by a two-thirds majority. This may involve a serious risk, either that the establishment of the court will be blocked or that there will be cloakroom negotiations to achieve that majority. Moreover, all of the parties regard the solution as a poor one. What I do not understand is why the parties (particularly the PS) did not resist the temptation of a hasty revision, but agreed to a compromise which they themselves criticized. A body such as the Constitutional Court should be nonpartisan. But my greatest reservations have to do with the way in which the CR [Council of the Revolution] was eliminated, as a result of the AD [Democratic Alliance]/PS agreement.

[Question] What is the reason for these reservations?

[Answer] It is my personal opinion that the CR, for the elimination of which I voted, should have been kept functioning until the bodies which will replace it (Constitutional Court, Council of State, and Higher National Defense Council) are operational. There are juridical-constitutional, historical-political and even moral reasons for this.

From the juridical-constitutional point of view, I do not believe there is justification, on the simple legislative technical level, for eliminating a sovereign body prior to the establishment and operation of the bodies which will replace it. Thus the solution adopted reflects a real aberration,

aggravated by the fact that a transitional period of indefinite duration has been created, during which the PR has the right to veto legislative credentials as unconstitutional, thus functioning as a constitutional court. The intention was to harass the Council of the Revolution and to create yet another reason for institutional guerrilla warfare.

In historical-political terms, I believe that this solution is a serious insult to the prestige and the dignity of the CR and its members, assuming the aspect of a political action inconsistent with its historical-revolutionary legitimacy and the April Revolution itself, without which there would be neither legitimacy nor democratic legality. The early elimination of the CR, under the known conditions, represents an unjust dismissal and violates the MFA [Armed Forces Movement]-party pact, the indisputable intent of which was that the transitional period would only end with the transfer of the powers of the CR to the bodies which would replace it.

Finally, there is a moral imperative, because the reasons briefly set forth should demand of all democrats and anti-fascists, particularly the deputies endorsing the spirit of 25 April, greater respect and recognition of the military, represented by the CR, who made 25 April, the end of the colonial war, freedom and democracy--in brief, the right to a hope for a better future--possible.

It is because of this ethical-political aspect, for deep reasons of conscience and because I am convinced that I am voicing the feelings of the socialists, that I could not vote in favor of the norms for transition calling for the CR to cease functioning before the bodies which will succeed it are established. This is the modest homage paid by a democrat to the sovereign body which throughout these disturbed years has been able to honor its commitments, guaranteeing the regular functioning of our democratic institutions. It also represents homage to the military officers who, along with the people and the progressive forces, ousted the dictatorship and reestablished freedom for the Portuguese people.

[Question] Would you like to state your opinion about the "new party" about which there is so much talk?

[Answer] Well, I have no objection to the formation of new parties or movements, because this is natural in a democracy. But if the concept of a new party is linked with a presidential initiative or support by the president, I sincerely think that the president as such should not have a party commitment. Where I am concerned, I am very proud to have been a founder of the PS. And what is needed, rather than a new socialist party, is a renewed Socialist Party. One with another strategy, another political practice, other leadership.

5157
CSO:3101/57

PDP, PDL WORRIED ABOUT UCD, DIFFER ON COALITION WITH AP

Madrid EL PAIS in Spanish 25 Jul 82 p 12

[Article under general heading: "Reorganization of Center Right" comprising two source-related articles: "Oscar Alzaga Rejects Accusations of Reactionism" and "Garrigues' Party Postpones Decision On Election Coalitions"]

[Text] With a strange coincidence of meeting dates adding to the similarity of their signs, Oscar Alzaga's PDP [People's Democratic Party] and Joaquin Garrigues' PDL [Liberal Democratic Party] both held national "summits" yesterday centering on the same concerns: Preelection coalition policies and the crumbling of the UCD [Democratic Center Union]. Whether or not to enter into a coalition with Manuel Fraga's AP [Popular Alliance] has been the main topic of debate over the past several weeks within the recently formed PDP and PDL, which, despite the acknowledged "good understanding" between their leaderships, appear to differ in their policies on this question. Another particular common to them is their anxiety to know the final outcome of the present conjuncture within the UCD, on which the PDP's as well as the PDL's electoral prospects depend to a large extent.

Oscar Alzaga Rejects Accusations of Reactionism

With an indignant rejection of all accusations of reactionism and with a pointedly zealous defense of the need to enter into a coalition with the AP, Oscar Alzaga opened yesterday his PDP's first convention. Some 400 party members, including a total of 21 members of Parliament who not long ago belonged to the UCD, applauded roundly when Alzaga stressed the need to form a large coalition to prevent a socialist victory.

"Aware though we are of the difficulties of a broad coalition with the AP and with other kindred and democratic forces, devoid though we are of any complications in our past, and fully confident though we are in ourselves, the most elementary sense of realism and of respect for the value of the votes of our constituents requires us to flesh out a broad electoral coalition," said Alzaga in the

presence of Fraga's, Alfonso Osorio's and Ricardo de la Cierva's "special envoys." Later, talking with reporters, Alzaga acknowledged that such a relationship with the AP "is not an idyllic one, but rather a pact of convenience," and he referred to the required election law.

Following a brief presentation by Deputies Modesto Fraile and Julen Guimon, and after the chairman of the convention, former Minister Jose Manuel Otero Novas, had declared the convention officially opened, Alzaga began his speech with inevitable references to the UCD, of which most of the attendees were former members. "The end of the transition has coincided with the wasting away of the UCD," he said, going on to enumerate the various failures of the UCD government owing to what he called a policy of "perpetual improvisation": The lack of agreement to institute private TV or to draw up a statute for public TV; failure to reform the Administration; failures in the implementation of schooling allowance and family allowance policies, and failure to contain the public deficit. His speech, however, which obviously was not meant to offer an alternative governmental platform, did not enumerate the PDP's proposed resolutions of those failures, limiting itself to promising "a concrete and effective response" to the problem of unemployment.

To draw up PDP's specific responses to the many failures listed, various working parties were formed, which met briefly yesterday.

Combating Socialism

"The irreversible downward plunge of the UCD--the speed of which is unprecedented--can open the way to a system of parties under a PSOE hegemony, against which no rival with the needed potential exists today," Alzaga emphasized. "The absence of a sufficiently great political force to counterbalance that of the PSOE represents an extremely dangerous destabilizing factor for democracy, which is a system that, at the very least, must incorporate within itself two real options. Arrayed against the PSOE there cannot be allowed to be a mere magma specialized in dodging problems and capable only of coming up with internal agreements of an epicene nature.

"In contrast with our position, we come up against the reiterated negatives by some to participation in a coalition, an attitude that concretely facilitates a victory of the PSOE, with which there are possibly already those who are planning a postelection agreement," said the leader of the PDP with obvious reference to other attitudes within the UCD.

He defined the PDP as a party that finds inspiration in a "Christian humanism, and that is openly aconfessional in its conduct, notwithstanding that most of the members of its operating board have belonged at some time in their political careers to different avowedly Christian democratic sectors. Many of them, such as ex-Ministers Eduardo Carriles and Andres Reguera, or former member of the UCD Jose Luis Ruiz Navarro, are considered to be close to the former vice prime minister of the government, Alfonso Osorio, who is today on the board of the AP, but who yesterday attended the opening of the convention. Also present was a represen-

tative of Garrigues's PDL, with which leaders of the PDP affirm they maintain "close relations," although the PDL leaders affirm that "they do not share the strategic views" of the PDP.

Garrigues' Party Postpones Its Decision On Election Coalitions

With a vague resolution on possible preelection coalitions, implying, however, a certain rejection of an alliance with Manuel Fraga's AP, Antonio Garrigues Walker's PDL concluded its Constituent Assembly yesterday.

The "draft political strategy," approved at the conclusion of the session by the almost 300 attendants, affirms the PDL's intent to take part in the forthcoming legislative, municipal and self-governmental elections, holding to a progressive liberal party line. "The PDL expresses the view that, in the present circumstances, a political force is needed that will offer Spanish citizens a clearly differentiated option between the conservative Right and the socialist Left," the cited draft strategy reads.

Nevertheless, the political map being still undefined as a result of the UCD's continuing crisis and the lack of a set date for the elections--Garrigues considers it "within the realm of possibilities" that the legislature may yet complete its normal term--the PDL has opted for postponing till October its decision as to possible coalitions with other parties. That is when the PDL will be holding its constituent congress and it is hoped that by then the current situation will have been clarified.

A Progressive Body of Opinion

"Without prejudice to the foregoing agreed view, the assembly of promoters of the PDL expresses its view that any coalitions such as might be entered into must neither mortgage nor compromise the PDL's identity as a progressive ideological body of opinion," the draft political strategy concludes. This statement embodies the sum and substance of the debate throughout the 1 and 1/2 days of the Assembly. Garrigues himself, in a press conference at the end of the meeting, said that no one had expressed an outright favorable view of a coalition with Manuel Fraga, whereas interventions against it did, on the other hand, take place.

For this reason, Garrigues said, and despite the evident points of similarity between the PDL and Oscar Alzaga's PDP, his own group holds "substantially different" strategic policy views from those of the PDP. These differences obviously refer to the intent expressed by Alzaga of reaching a coalition with the AP.

For the rest of it, the top PDP leader asserted that the evident similarities in the names of the PDP and PDL and the fact that they even held their "summits" on the same day are merely a "coincidence."

Cooperation With the UCD

With a not too auspicious launching that has not quite lived up to its leader's confidence in "political marketing" techniques--amidst the attendance of relatively few representatives of liberal clubs and the giving away of shirts with the inscription "I Am a Liberal"--the PDL "does not as yet have its financing assured," according to a confirming statement by Garrigues, who, even so, advocates "running the risk" of undertaking the launching of a political party.

This launching is to begin next week, when Garrigues will be immersing himself already as of now, "beach to beach," in the election campaign.

Garrigues did not sidestep any issue, including the rumors of his inclusion in a UCD government. "The idea of cooperating with the UCD is not a dead issue, although the question remains as to which UCD one will be negotiating with: A UCD with Suarez, one without Suarez...? In this fluid situation, nothing, technically speaking, is impossible. I would honestly accept an offer of a portfolio, but not from the standpoint of personal ambitions and, of course, only provided the survival of the PDL is guaranteed."

Personally--said Garrigues--he would prefer to form a federation of political forces of the Center rather than a "Portuguese-style" coalition, with the aim of creating a conservative bloc: "I don't believe the leadership of that federation of parties would pose a major problem."

An important issue addressed by the Assembly was that of the "parliamentary liberals," that is, those who are still members of the UCD but who are nevertheless not hiding their friendliness towards Garrigues's party. Figuring among them are Valencia's Deputy Joaquin Munoz Peirats and the leader of the UCD Parliamentary Group in the Senate, Luis Miguel Enciso, neither of whom put in an appearance at the hotel where the Assembly was being held. The president of the PDL seemed particularly interested in emphasizing the "high degree of cohesion" that exists among all liberals. He was pointedly careful to say, not without a certain ambiguity, that "They have a right to remain in the UCD," following this up, however, with words to the effect that a "collective operation," possibly of abandonment, might be taking place within the next few days, although "I do not have the impression there will be a mass exodus."

Attending the Assembly were ex-Minister Eduardo Punset, UCD member (still) Julio Pascual, and economist Pedro Schwartz, as well as faces more familiar to a mainly young constituency but politically unknown.

9238

CSO: 3110/188

PDP BASQUE DEPUTY CRITICAL OF SEEMING IMPOTENCE OF GOVERNMENT

Bilbao EL CORREO ESPANOL in Spanish 15 Aug 82 p 14

[Interview with PDP Deputy Julen Guimon by Eduardo Catania; date and place not specified]

[Text] "I think that I have returned to my political origins, in a popular party inspired by Christian humanism."

This is Julen Guimon's explanation, after having left UCD [Democratic Center Union] to join the Popular Democratic Party (PDP).

He added: "PDP is strictly nondenominational, but I consider it quite legitimate to uphold political principles based on Christian-inspired humanism. This is not the time to resurrect Christian Democratic Parties in the strict sense, but there will always be a political area for one that is inspired by those basic principles of personalism, and that does not believe in collectivization nor the class struggle or that of peoples among each other, but rather in the supreme dignity of the human person."

The Political Center

[Question] Apart from this personal situation of yours, how do you view that of the Spanish political center in general?

[Answer] The government party has lost one parliamentarian to the Catalanian Minority, and another to the Andalucian Socialist Party. One senator has declared himself an independent; another deputy has formed his own Andalucian group; seven deputies have gone over to the Democratic Action Party headed by Fernandez Ordonez; 26 parliamentarians have helped to create PDP, with three former ministers and many other prominent persons; and, at the present time, a major shift is taking place, which has not ended yet, with parliamentarians and other leaders joining Adolfo Suarez' CDS [Social Democratic Center Party].

[Question] Could this situation that we might term a "scattering" entail a danger or threat to the continuity of the Cortes?

[Answer] Insofar as the PDP parliamentarians are concerned, among whom I am included, we have offered to support the government, and we shall keep our word until the end of the legislature.

[Question] Does this mean that you will put your seats at UCD's disposal?

[Answer] The lists are not circulating at present, and therefore if a deputy resigns, the seat will remain unfilled according to the electoral law. In any event, if the president of the government prefers to keep my seat vacant rather than have it occupied by me, he need only notify me of it.

Reason for the 'Scattering'

[Question] Returning to this desertion that has occurred so often among the UCD politicians, to what do you think it could be due? What is your opinion in this respect?

[Answer] The first ones to leave UCD have been the electorate. For our part, we have exposed the situation and the failure to fulfill the electorate's expectations for over 2 years, in the critical movement, the moderate platform, etc. We were not heeded, and we had no solution other than to form our own party. We placed our hopes in Calvo Sotelo, who is an honest man; but the party forced him to form a left-of-center government to cancel out Fernandez Ordonez and to prevent more parliamentarians from leaving to join his party. Calvo Sotelo was not a UCD "baron" and the party's battles have eliminated him. Unfortunately, he is now shipwrecked in the "alphabet soup."

The New Parties

[Question] You mentioned Fernandez Ordonez. What is your view of his party?

[Answer] In my opinion, the only future for Ordonez' Democratic Action Party is to be absorbed by PSOE [Spanish Socialist Workers Party].

[Question] And Suarez' CDS?

[Answer] Adolfo Suarez' Social Democratic Center seems to be a return to the old Spanish tendency toward strong-man government. Moreover, Suarez seems to want us to be gullible, when he stresses something as obvious as the supremacy of the civilian authority. The coup d'etat was plotted and carried out when Suarez was president of the government. He neither detected it nor stopped it. The one who took the chestnuts out of the fire was not he, but the king.

[Question] Tell me about the UCD liberals.

[Answer] At the present time, the liberals remaining in UCD seem to be the poor relations of the residual conglomerate of that party. The plan of Antonio Garrigues seems more reasonable to me. I don't deny that I, personally, would like to be able to reach a preelectoral agreement with the Liberal Democratic Party, as well as with AP [Popular Alliance]. They will make their decision at the congress that they will hold at the end of September. If they decide to run in the elections alone, I am afraid that they will suffer a resounding defeat, and that the liberal ideology will have been lost in Spain for many years, which would be unfortunate.

[Question] All that is lacking, Julen, is for you to discuss your departure, that of the Popular Democratic Party. I am referring to what you have called the UCD "scattering."

[Answer] PDP is a moderate party, inspired by Christian humanism, which wants to construct all over Spain a right-of-center similar to that in Portugal, France, etc. It cannot be believed that UCD can guarantee freedom of education at the present time, for example. The financing law failed because our colleague in PDP, Otero Novas, was dropped from the ministry.

The "Christian Democrats" who succeeded him in the ministry were used as an alibi to make a pact with PSOE.

[Question] And what about your coalition with Popular Alliance?

[Answer] I am a member of the five-member commission that will negotiate the future electoral coalition with AP. Each party will retain its identity, but we shall submit single lists throughout all of Spain, and we shall devise a pact for the legislature and the government. The agreements are complex, and have not been finalized; but I trust that they will be within a reasonable period of time. Contrary to what is believed, the electoral lists are the final point in the agreements, and, understandably, they will not be closed without first consulting the local AP and PDP committees.

[Question] What do you expect from that coalition?

[Answer] It will unquestionably be productive for us, for AP and for all Spaniards.

[Question] There is no doubt that with this coalition you are assuming a position on the right, and you yourself have stated before that you are forming a right-of-center party. Is an unadulterated political center non-existent?

The Unadulterated Center, a Fancy

[Answer] The unadulterated center is a fancy, like the philosopher's stone. In the Basque Country, it is even more so: it is a metaphysical impossibility, given the complexity of its political spectrum. Nevertheless, I don't think that the Basque Country is so different or so distant from the rest of Spain. The fact is that we are living with a permanent coup d'etat. Every municipal decision refusing to invite the king or naming streets for terrorists, etc., and many demonstrations of the Basque Government, defiant actions and insults of the privileged deputies, etc., are coups of the institutions against the state of law. Liberty is being assassinated in the Basque Country. Here, there is more fear than liberty; ETA [Basque Fatherland and Liberty Group] is in command more than the government. Liberty is indivisible; if it dies in the Basque Country, it will die all over Spain.

[Question] Mention has been made of Areilza and others who might head electoral lists in the Basque Country. What about that?

[Answer] I, personally, think that the Basque Country deserves Basque candidates. Politically speaking, we Basques are the children of this land, who work here,

live here and educate our children here. I don't think that the Basque problem can be solved by visitors or guests, regardless of how illustrious they may be.

Incompetent

[Question] Since you mentioned it a few moments ago, how would you judge the endeavor of the Basque government and that of the consecutive central governments?

[Answer] Actually, it is not that the Basque government lacks competence; it is incompetent. Many of its members give the impression of being a group of newly ordained priests acting as archbishops. As for the policy of the central governments (we have had two presidents each in various governments), in the Basque Country it has resembled a carefree toboggan sliding at a fast rate; meanwhile, "all is going well," as the suicide said while passing the second floor.

[Question] One of the problems in which the central government and the Basque government have gone "hand in hand" is that involving Lemoniz. What do you think of the policy that is being carried out?

'Scoundrel'

[Answer] Lemoniz is the most obvious example of this incompetence. It is a Pharaonic monument to the state's impotence. If the state fails with Lemoniz, it will have failed to discharge the first mission of any state, which is to guarantee peace and order. There must be a denunciation of the Lemoniz agreements of 22 March of this year. The Basque government did not provide the "political cover" that it had promised. At the time, I said that either ETA had deceived the Basque government, or the latter had deceived the Spanish government. For this reason, the "lehendakari" called me a "scoundrel." I am confirmed in what I claimed, and even more so, because it is now clear that ETA deceived the Basque government and, furthermore, the latter deceived the government of the nation. The Ministry of Interior, which is responsible for security, was dissociated from the Lemoniz pacts, although perhaps it does not dare admit this now.

[Question] And what do you think of the solution that they are attempting to apply?

[Answer] One of the solutions being bandied about consists of having each hydroelectric company purchase a part of Lemoniz, to alleviate Iberduero's burden; it is like distributing the revolutionary tax among the hydroelectric group. It seems to me to be an unacceptable method. In this, as in the other crucial matters, the governors, the Basque deputies or even the Basque ministers were never, or almost never, heeded. At least they claimed this at the time, and I don't think that they were lying.

Oreja's Desire

[Question] A few moments ago, we discussed your coalition with AP for the forthcoming general elections. However, you may recall quite well that Marcelino Oreja has said that a single list would be fitting in the Basque Country, with UCD in a coalition with AP. Isn't there a contradiction in this?

[Answer] The problem isn't ours, but rather one for UCD, which does not seem to have reached agreement itself. In fact, there have been some obviously contradictory statements. Calvo Sotelo himself has claimed that the national political council did not approve the UCD coalition with AP, not even in the Basque Country. That same thing seems to be inferred from repeated comments by Landelino Lavilla. Besides, not everyone outside of UCD is agreed to proceed toward a hard confrontation with UCD in 47 provinces, and toward a loving coalition in the three Basque ones. Insofar as we are concerned, I, personally, do not see any obstacle to the negotiation of a coalition with UCD on the national level, or on the Basque level, if that decision is made by the heads of AP and PDP. The only thing that I, personally, would require is that it be made clear that we do not intend to obtain votes from the right to be given as a gift to the left; and that would happen if we should remove a UCD deputy so as later to form a coalition with PSOE.

[Question] We have already quoted Marcelino Oreja. I think that I recall Jesus Maria Viana and other politicians criticizing the appointment of his nephew, Jaime Mayor Oreja, as a government delegate. Are you included in that criticism?

[Answer] The criticism that you mention has been more one of form than one of essence. It appears to be basically an aesthetic matter. In any event, under the present circumstances in the Basque Country, I consider the government delegate to be like an old Basque special institution: the corregidor. Would that Jaime Mayor could act as a real corregidor, and not as a chamberlain. I sincerely wish it were so.

LOAPA

[Question] When we are faced with a paralyzed law, LOAPA [Organic Law for Harmonization of the Autonomous Process], awaiting the decision of the Constitutional Court, AP is talking about reforming the Constitution, or at least it has been accused of this. What is your position in both instances?

[Answer] I have already expressed my reservations and my agreement concerning the autonomous pacts and LOAPA in the General Juntas, some time ago. What I want to stress is that I shall never accept blackmailing the state, as proposed by the nationalist town councils. At the present time, it is proper to be silent and to abide by the decision of the Constitutional Court. In any event, all the uproar over LOAPA is aimed at raising a smokescreen to conceal the two grievous problems of the Basque Country: terrorism and the socioeconomic collapse, the dreadful increase in unemployment, the complete absence of investment, etc.

Reform

[Question] What can you tell me about the reform of the Constitution?

[Answer] All my life, I have defended a state of law based on the people's sovereignty, which establishes the rights and liberties of the individual. I shall not lend myself to the curtailment of any type of individual liberty. However, there are some who talk about reforming the Constitution as if it were a crime; when the Constitution itself, in its 10th Title, establishes the possibility of a reform. Consequently, what is unconstitutional is precisely to deny the right

of a constitutional reform. All the constitutions in the world can be improved; for example, the Swiss reform theirs every year; the American one has scores of amendments, some being negotiated right now; the British can reform theirs through a simple law of Parliament; and there is no Western country that has not experienced some reform. The constitutions which have failed most are the very ones that are inflexible and impossible to reform; and, fortunately, ours is not.

Interesting views of Julien Guimon, one of the politicians who left UCD, as we have said, to join the Popular Democratic Party, which will form a coalition with AP for the forthcoming elections, which politicians and parties have for the most part forgotten during the summer season. Preparation is necessary...and there is preparation.

2909

CSO: 3110/212

MINISTER EXPLAINS HOW LOAPA WILL BENEFIT REGIONAL AUTONOMY

Madrid YA in Spanish 15 Aug 82 pp 24-26

[Interview with Territorial Administration Minister Luis Manuel Cosculluela Montaner by F.L. De Pablo, in Madrid; date not specified]

[Text] His shoes are covered with the dust filling the rooms, until recently overfurnished, in the old palace in which all the presidents of the government are at some time lodged. Luis Manuel Cosculluela Montaner has found what is now the Ministry of Territorial Administration, at No 3 Castellana, at the height of its restoration work, just as the administrative tasks incumbent on him are in the works. It is work involving a new construction of the state of the autonomies, in the staging of which he first had the role of an expert, and now, although for only a few months, he is the principal architect.

While the masons wield hammers to make way for a new electrical and telephone installation, the new minister of territorial administration has allowed us to pay an inspection visit to the autonomous process before he takes a few days' vacation, in this instance more timely than ever, owing to the physical danger that one could risk by walking under the rubble falling from the high ceilings of the rooms in which all-important decisions affecting our country's history have been made for nearly two centuries.

Expert on Autonomy

Luis Manuel Cosculluela Montaner was born in Barbastro on 23 September 1939; he is married and has two daughters. He was given a law degree with a special award by the University of Barcelona. He holds a doctorate in law from the University of Bologna, where he won the Victor Emmanuelle II Prize for his thesis on "Urban Planning." He was an assistant instructor of former Minister Sebastian Martin Retorillo in the School of Economic Sciences of the University of Barcelona, in charge of the courses in administrative law and theory of the state. He is a specialist in constitutional law, and served as service representative of the Barcelona City Hall in 1976; and technical general secretary of the minister for the regions, Clavero Arevalo, in 1977, when he was a professor of administrative law at Cordoba. He was later undersecretary of culture, also with Clavero, subsequently transferring, in 1980, to the management of the Institute of Local Administration Studies, where he participated on the committee of experts which prepared the report on the autonomies under the direction of Prof Garcia de

Enterria. He was also a member of the negotiating committee for the improvement of the Navarro Special District.

[Question] With this "curriculum" you must have been annoyed by the description as an "obscure official" given you by certain media when they appointed you minister.

[Answer] We are used to that. The press is entitled to make its criticism. I don't care to respond to that. I think that we public servants are people with a calling and dedication dissociated from such descriptions. I am an official, because I am a university professor, and I think that my activity has been far removed from the pejorative image that may underly the description "obscure official." I have for years been engaged in research and direct contact with the younger generation. For the past 10 years I have been working on behalf of the autonomies, and it is on the basis of that experience that I have been called upon, on various occasions, by those responsible for resolving this challenge that has been posed for the democratic state.

Impetus for the Transfers

[Question] Nevertheless, it is obvious that you are assuming the ministry authority at a time when the plan for the autonomous process has already been made, and under preelection circumstances, which will not be of much use for allowing your administration to be noticed.

[Answer] Well, what I would like is to do an effective job: to finish the autonomous map and to fulfill the pacts, from which I am not dissociated, because I was a member of the committee of experts. It is not something that I inherited from others; rather, I consider it a matter that is very much my own as well. I would be pleased to be the one responsible for the autonomies at a time when the autonomous map is being concluded. This is a very brilliant time for those of us who are autonomists; and even though it may not seem like a brilliant matter, one of administrative management, filling the communities with authority, because it is thereby that the citizens become connected and linked with them.

[Question] What percentage of the public budget will be administered by the autonomies next year?

[Answer] It is very difficult to estimate, because of the fact that the evaluations that must be made by November have not yet been determined; this must be done in September and October. There is a big package, with 68 decrees for transfers, which we are still continuing to approve in each Council of Ministers session. In the final model of the autonomous process, it is estimated that nearly 30 percent of the public spending budget as a whole will be administered by the autonomous communities, and nearly 25 percent by the local corporations. So, on the whole, over 50 percent of the public spending will be administered by non-state communities. The process of transfers to the Basque Country and Catalonia is now very well under way, although some major problems still remain to be solved. And herein one does note that the autonomous community is replacing state management. Some of the others have barely been established.

There Are No Privileges

[Question] Some communities are certainly complaining of evaluations in the transfers that benefit Catalonia.

[Answer] The minister of finance has already given an answer to that. With the notions of "new investment" and "replacement" now known, if there has been any maladjustment in the past it has been corrected, when one views all the transfers as a whole. For that reason, isolated bilateral negotiations were not wanted.

LOAPA Benefits the Transferred Officials

[Question] Along with the authority, there is understandably a transfer of the officials in charge of exercising it. Are there any problems with these transfers, especially in the bilingual communities?

[Answer] It is not fitting that the recognition of bilingualism in the Constitution should be able to harm either the citizens or the officials. It is something else for the bureaucracies of the bilingual autonomous communities to attempt, as an ideal model, to have their officials understand and even speak the two languages; something that would be desirable for both the communities and the officials themselves, inasmuch as it would enhance them culturally. There have been sporadic problems, involving the adjustment of certain officials or administrators, but they are being surmounted. The regulations of the autonomous communities are published in both languages, because the legislation of the bilingual communities is published in the "BOE" [Official State Bulletin]. As an Aragonese, married to a Catalanian, having lived much of my life in Catalonia, I understand the phenomenon of bilingualism very well, on both sides. Some excesses on the two sides cannot discredit a widespread proper behavior in understanding the problem, especially in Catalonia, where the number of Spanish-speaking people is larger. There must be an equal treatment for both languages. Bilingualism is desirable, and there are no widespread serious problems at the present time.

[Question] The communities whose statutes are thought to be reduced by LOAPA [Organic Law for Harmonization of the Autonomous Process] may be satisfied at having succeeded in hibernating it in the Constitutional Court; on the other hand, could the communities whose rights LOAPA has equalized be harmed by this delay?

[Answer] I would like the Constitutional Court to make a decision as soon as possible, because all the parties involved want to have the assurance of what LOAPA entails. I don't believe that this law harms some or benefits others. It is a law which streamlines the overall process and, from that standpoint, benefits everyone, especially the final model of the autonomous state. For example, in the matter of officials, it offers an orderly arrangement which now, in the absence of the law for reform of public office, I would not say is lacking, but the guarantees of which are not established on a level of such a high order as an organic law, which regulates and structures the process of how that final plan for the autonomous state is to be achieved.

Catalonia and Euskadi Can Dissolve Their Parliaments Early

[Question] The autonomous pacts stipulate the government's commitment to negotiate with Catalonia and Euskadi the commitment not to use their statutory authority to dissolve their respective Parliaments and to make their elections coincide with one of the other general or local elections and, of course, with the regional elections of the other communities. Have the negotiations in this matter been carried out yet?

[Answer] If the Chambers are dissolved early, there is still time for those negotiations, because the circumstance would not yet have occurred that would advise making the regional elections coincide with others. Whereas, if the general elections take place at the end of the legislature's term, that coincidence could indeed occur, inasmuch as all the statutes which have been approved lately allude to the fact that the elections will take place between February and May 1983. In any event, in this matter all that is needed is dialog and negotiation, because this is a statutory power of the historical communities. It is too early to know whether an agreement will be reached on these issues. The statements about a "threat" of dissolving any Parliament have not come from institutional quarters, but rather political ones; and they are always related to the results of the restrictive implementation of LOAPA, and the latter is in the Constitutional Court.

[Question] When the autonomous communities are established, will there be an avoidance of the attempt to repeat the structure of the state and the advent of unnecessary representative expenditures?

[Answer] The report of the committee of experts and the pacts themselves refer to this topic, and these are principles which have been incorporated into the final statutes. The state has attempted to effect an avoidance of excesses, through the transfers. I believe that all the autonomous communities have been made aware of that image. At the swearing in of the autonomous governments that I recently attended in Andalucia and Murcia, in the speeches of the heads of these communities, I heard precisely that same concern, expressed in terms that I would approve.

Urgent Need for the New Local Regime

[Question] What is going on with the law on local regimes? Has the government by now given up its intention of having it passed in this legislature?

[Answer] I worked hard on this bill during my tenure as director of the Institute of Local Administration Studies. It seems to me to be a good law, possible to improve, but substantially good; one which lacks only something that is essentially its success. It is a law which does not establish a single model of a local regime, because that is not the purpose of a basic law; rather, it establishes solely the basic structures for that model, leaving its final plan open to each autonomous community, because this is an authority shared between the state and the autonomous communities. Hence, in that respect, it is a political success and a constitutional requirement.

The bill is in a period of coordination among the political forces that is well under way. Only a couple of areas of serious disagreement remain, namely, the role of the national local administration bodies and that of the provincial chambers of deputies. If the Cortes should complete a substantial portion of the time needed for the legislature, one of my priority efforts would be the passage of the law on the local regime.

[Question] Also pending in Congress is the electoral reform law for the chambers of deputies, but there is another point relating to the method for election of the town hall members, on which UCD [Democratic Center Union] made a statement some time ago, to the effect that the mayor would be the first one on the list receiving the most votes. Has this reform been given up also?

[Answer] It has not been given up, but rather it depends on the legislative timetable. We would first have to bring out the law on the local regime. At the present time, every electoral issue demands a high level of coordination among the political forces, and this does not appear to be the proper occasion.

[Question] Under these preelectoral circumstances, what does the minister propose to achieve from now until the time when he will have to turn over his authority to the one succeeding him?

[Answer] Except for the completion of the autonomous map, the politico-administrative portion of the pacts has been virtually implemented. The local pacts are quite contingent on the law on the local regime. We must finish the evaluations of the transfers of authority that have been in abeyance by 1 November, giving a great impetus to the fulfillment of the timetable set for this year's transfers, so that we can not only fulfill it, but enhance it. During the next few months, I would like the autonomous communities to receive a very sizable amount of authority, so that they may begin to put it into effect, as scheduled for 1 January, with a very powerful autonomous administration; because the strengthening of the autonomies in 1983 is one of the most important means of consolidating democracy.

2909

CSO: 3110/212

FRAGA'S NATURAL MAJORITY STRATEGY NOT YET ACCEPTED

Madrid EL PAIS in Spanish 24 Jul 82 p 15

[Article: "Massive Opposition In Garrigues' Party To Pact With AP"]

[Text] The vast majority of the members of the PDL [Liberal Democratic Party] led by Antonio Garrigues Walker is opposed to a preelection pact with Manuel Fraga's AP [Popular Alliance], it was indicated yesterday to EL PAIS by attendees at the PDL Constituent Assembly. The policy to be followed by the PDL on pacts prior to the forthcoming elections will be the main issue of debate in today's session of this Assembly. But according to sources within the party, any idea of a pact with the AP will find the going "very difficult," given the refusals to entertain it that have been voiced by the various liberal clubs.

Although the only political group invited to the Assembly was Oscar Alzaga's PDP [People's Democratic Party], represented by Jose Luis Ruiz-Navarro and Juan Antonio Lopez Huerta, Antonio Garrigues, in a conversation with EL PAIS, acknowledged good relations between the PDL and the PDP but said: "We are glad of the birth of the PDP, which does not mean however that we agree with its strategy." The latter was with reference to Alzaga's decision to enter into a coalition with AP.

Garrigues was not excluding any of the various possibilities, which range from waging an election campaign on a solitary basis to forming a federation of parties with what remains of the UCD [Democratic Center Union] after Adolfo Suarez leaves it, assuming he does. "But even considering the UCD's incompatibility with Adolfo Suarez, I am not ascribing a definitive value to it."

UCD: Mission Accomplished

With some tens of leaders of liberal clubs in attendance, Garrigues inaugurated yesterday the PDL's Constituent Assembly, held in a Madrid hotel, with a speech in which he propounded that "UCD has already done what it set out to do." "To commit itself to doing what has already been done, to consider uncompleted the task that has already been accomplished, would be an irresponsible act of obstinacy," he said.

He nevertheless expressed the view that "The UCD is not doomed to disappear, provided it accepts the fact, as an absolutely condition, that its situation has changed, that its objectives are substantially different, and that the persons it needs to achieve those objectives are also different." "The idea of a Center-Center, neither more nor less, and moreover with hegemonic aims, is a noble idea but a dead one, a voteless idea that will only lead the UCD to its final will and testament." With respect to the role of liberalism in the Center option, he pointed out that "The political Center in Spain, as in the rest of Europe, must either organize around liberalism or fail to crystallize as a clear and differentiable political option."

In any case, Antonio Garrigues hinted, the still militant liberals of the UCD may shortly be leaving that party: "I believe," he said, "that, as happened with the PDP, there must be a collective decision, even as to the manner of its implementation." The accusation of "dual militancy" leveled from within UCD circles against some liberals who have joined "Garriguist" clubs was an item of concern and debate during yesterday's session of the Assembly. Garrigues will be setting out on a swing next week through various regions of Spain, beginning what he himself is calling his "election campaign." Ruiz Navarro, of the PDL, intervened to highlight the points in common between liberals and "those of us who practice a Christian humanism." The PDP, led by Alzaga, and with PDL representatives attending, is holding its convention today.

9238

CSO: 3110/188

OZYORUK EXAMINES PARAMETERS OF STRONG EXECUTIVE

Istanbul TERCUMAN in Turkish 2, 3 Aug 82

[Article by Mukbil Ozyoruk: "Strong Executive and President of the Republic;" passages enclosed in slantlines printed in boldface]

[2 Aug 82 p 6]

[Text] The more we think about the form of government, especially recalling the one prior to 12 September, the less I see anyone come out and say, among all the criticisms of the draft [constitution], "The executive ought not to be strong in principle." Even those who on their own account do not want the executive strengthened are not coming out directly and saying, "Strengthening the executive is wrong." Here is the route they take: "The powers granted to the president are broader and more varied than necessary. And the president is not ultimately responsible for decisions he would make as the only signatory, that is, the 'single authority.' In that case, there is a question of broad and far-ranging powers 'without the burden of responsibility.' Our confidence in Mr Kenan Evren is complete, but what if some president who comes after him were to take these many and quite strong powers, for which he does not bear ultimate responsibility, and use them for ill???"

There are people sincerely obsessed with just such a scenario. I don't blame them at all. I'm sure we could easily agree with them. But I have a question for those demonstrating pseudo-anxiety (!) over "subtle implications:" "You are not saying the executive should not be strengthened. So who is the person or persons to whom the powers inherent in such strengthening should be given, and what are these powers?"

Let us try to recall why the 1961 Constitution weakened the Executive following the strong central government under the 1924 Constitution. No one dares ask such a question as: Wasn't it good that Ataturk was strong, or should he not have been so strong? Ataturk was "strong," no questions asked. But both periods after him, the Inonu presidency as well as the Menderes prime ministry, were they not both accused of "dictatorship?" In that case, the thinking was, the 1961 Constitution must establish a system whereby, if only a man such as Inonu is to occupy the seat of power under that system, /he should be strong by dint of his own personal and political weight/. As no one else remains from the Ataturk School who could possibly come to power, it is no longer

permissible at all to grant strength to the Executive, whether the presidency or the prime ministry...And, indeed, this was fulfilled with a vengeance.

Did the 1961 Constitution make presidential powers "abstract?" As "direct powers," yes; as "indirect powers," no. We wrote in this column about the "indirect powers" of the president under that constitution when Mr Koruturk asked, "What are my powers?" If others want to say "We told you so," they are welcome. We were removing the president's "powers" from his /oath/. There is an axiom in constitutional law that says: "Each responsibility and obligation implies some power. And each power is at the same time a responsibility and an obligation." This is the dividing line between Private Law and Constitutional Law.

Look at the text of the "Presidential oath" in the 1961 Constitution. It is even more comprehensive than the one from 1924. But, even so, neither the Constitution nor other laws speaks clearly of or codifies the most vital of these powers which stem (which one must admit stem) "from duty and obligation."

For example, the 1961 President was to "oppose every threat to the independence of the State and the integrity of the Homeland and the Nation."

Fine...but how? By drawing his sword? Or was he to issue orders and edicts against which no one could stand? What kind of orders? What kind of edicts? To whom was he to issue them? Someone may say, "You've got it wrong. The Government would issue these edicts you are talking about and the President would sign them." But, in that case, would it not have been more appropriate as regards legal technicality and political and legal responsibility for the President to have taken an oath saying, "I shall sign all decrees of the Council of Ministers?"

So we may have derived "indirect powers," but they could not be converted to "executive orders" because they were not precisely designated as "powers," because they were not given explicitly and especially because they were not codified. But, by withholding such powers from the President in 1961, was he not eliminated as a possible "threat?" The answer is No! If the President of the time had picked and chosen among the decrees brought to him and withheld his signature from most of them, what could you have done? What if he had said to a prime minister, "I will not sign any more of your decrees?" Could you have impeached the President? Would you have accused him of "treason" with a two-thirds majority of the Assembly? If this was too harsh, would you have attempted to respond by calling for new assembly elections? These are tough questions. Any citizen in his right mind and perhaps even any Constitutional Lawyer would say, "Pardon me, sir, but in such a situation, the country, and the State as well, would be in turmoil. Would a president ever turn out like that? Did those who elected him do so without any deliberation at all? Did they act so irresponsibly and casually? No, sir, such a President couldn't happen, couldn't be elected. If he were, the responsibility would not be his, but his electors."

Let us continue this discussion.

[3 Aug 82 p 6]

[Text] If we strengthen the Executive, whom within the Executive shall we strengthen? The President? The Government (Council of Ministers?) The Bureaucracy? The executive consists of these three parts. The "boss" of the bureaucracy is the government. In that case, the problem comes down to one of "strengthening" either the Presidency or the Government. Or both.

We long for a peaceful political life. "Peaceful political life" is not abandoning the struggle for power and everyone bowing to "one authority." This struggle will exist. But political life will not /be a struggle/. It will not be a case of "Anything goes in order to get elected. Everything is permissible in order to get a majority in the assembly." Everything--every kind of compromise and blackmail if necessary--will not be permissible in exchange for the two-thirds vote of support needed to bring down the existing government regardless of the consequences or perhaps needed by a government trying not to be brought down. True, nothing can be "accomplished" without assuming power, but a struggle for power alone knowing full well that nothing can be accomplished, a struggle "simply against, with nothing to be for" cannot be considered "progress" in the life of a nation. If there is a kind of political struggle in which no peace exists, this is it. And unfortunately, one cannot pretend blindness to the "conditioning" for it. It is a very old, highly insidious "conditioning."

Therefore, no one would, or ought to, consent in the discussion of strengthening the Executive to granting any of the "new powers" granted the President in this draft to Governments instead. Those who are prone to say, "The first elections we have can be ours one way or another," must never again in the Turkish polity consider any election "in the bag." And, further, they must consider how the "insidious methods and passions of political struggle" would be inflamed, spitting fire like volcanoes, against any Government to which these "new powers" would be granted and the kind of turmoil everything would be in during the change of power.

The citizen earnestly desires democracy. This national determination and will can never be denied. But the same citizen is as sick and tired of, fed up and disgusted with "political unrest" as he is any other kind of unrest. No one can deny that, either.

In that case, strengthening the Executive will be possible only by strengthening it at the top--the Presidency.

The 1961 Constitution went to considerable lengths to ensure the "impartiality" of the Presidency, but /failed to provide the powers required for the "arbitration" constituting the reason-for-being of this impartiality./

It will be said "the present draft does not stop at providing powers of arbitration alone, but provides for strong initiatives as well," true. But, as we said, these are powers which are "necessary for the Executive," but granted to Governments would auger tremendous conflicts for the future (in light of past experience).

At this point, I saw one criticism which seems "important in form" suggested during the current debate on the draft. It was said: "The Government has the confidence of the Assembly and the Assembly represents and expresses the Will of the Nation. So what happens if the Government and the President disagree?"

Fine, but /where does the President come from/? Nowhere I look do I see anything approaching the idea that the President should be elected directly. I am not in favor of it, either, because this kind of election (especially if these powers are admitted) would require /a fierce election campaign/. Let's not ignore "our realities." As for any other candidate, so much negative propaganda would have been generated about the President who won the election that from the day he took office he would already be "tainted," perhaps a lot, perhaps a little, but certainly some. The holder of such an office who comes to it "a little bit tainted" suffers a heavy moral loss.

--"But what if, at some time in the future, a President is elected who attempts to 'abuse' these powers?"

What would we have done if, as in the scenario I presented yesterday, there had been a President under the 1961 Constitution who had conflicts of "omission rather than commission" with the Governments?

If there is a remedy for one, there is a remedy for the other. If the Nation believes that such a situation is occurring, the Assembly amends the Constitution at the points required.

What are we thinking of when we grant our judges powers even over life and death? /We simply put our trust in them./

Can we not find and elect /one single person/ in a nation of 45 million in whom we can all put our trust?

8349

CSO: 4654/416

INCREASED INTEREST IN DEFENSE AMONG NEW RECRUITS DETECTED

Copenhagen AKTUELT in Danish 17 Aug 82 pp 12-13

[Article by Peter Bergen]

[Text] "The new sergeants are still scareder! They just hide it better."

First Lieutenant Per Ludvigsen looks out over 358 nervous, stiff young men. A few hours ago each one came in by himself at the gate to Sandholm Kaserne in North Zealand for the first time. Each of the new recruits is faced with at least 9 months under military command.

And in spite of the commanding officer's order that all howling is forbidden for the first few days, they are obviously suffering from "recruit shock." Like most of the 2,250 young men who reported for duty Monday at posts all over the country.

High Percentage Reporting

The percentage reporting is high and over 90 percent applied directly to be inducted and serve. At Sandholm, moreover, all are volunteers. This is where the Life Guard is trained, and it has more applicants than places.

Unemployment is one of the reasons for the great interest in becoming a soldier. And unemployment awaits many of the 2,250 after 9 months.

But in that respect, too, the Life Guard is different. Doing service here is the same as a steady job--almost.

Jobs in Advance

Of the batch of 310 who have just been sent home, 270 had jobs in advance. The rest did not think it would be long before they got a job or started on an education.

A number reported that it was an advantage to say they were in the Life Guard when they were looking for a job, according to 1st Lt Per Ludvigsen, who at the age of only 24 is head of the training force.

No Trouble

The three new recruits that AKTUELT talked with said the same thing. They, too, expect no trouble in finding jobs after service here in the Life Guard.

Tommy Sørensen, journeyman glazier from Vendsyssel, will probably apply for the police and thinks his past in the Life Guard will be in his favor. If he cannot get into the police, there is always the old job.

Jesper Petersen of Birkerød is only 18 and has just finished the commercial course in secondary school. He was not really supposed to enter the service for 8 months, but applied for early induction.

"Nobody wants to hire a man for just 8 months," he says.

Jesper is one of the many who landed in the guard on the basis of a family tradition. His father was a guardsman, and that was what Jesper wanted to be.

Harder Here

Mogens Andersen from Thy is an HH'er (business school graduate). Like Tommy Sørensen, he heard about the guard from friends who had been inducted. And thought it sounded exciting.

"I know well enough it is harder here than other places. I regard that as a challenge," says Tommy Sørensen.

If the expectations do not pan out, no dear mother can help.

The 4 days' backing out time has been abolished in the military.

"The first week there are usually a few that want to resign. But they are stuck with it. They have to serve out their term," says Per Ludvigsen.

Only physical unfitness can send the recruit home. And weak, bad backs are becoming more widespread, the officers complain.

The age of those called up has gone down over the years. In the Life Guard most of those called up the day before are 18 to 20 years old. At 21 Tommy Sørensen is among the oldest.

That means in turn that most come directly from school. And their soldier's pay gives them as much money as they have ever had.

Must Not Have Fixed Habits

The officers make no secret of the fact that they consider it an advantage to get the recruits young. People in their late 20's have acquired more fixed habits, which it is harder to change.

"Training guardsmen is easy enough, for they do what they are told. It is a matter of keeping their motivation up. We do a lot by telling the men what they are and making demands of them," says Per Ludvigsen.

He adds: "The limits will be clear. That gives a good atmosphere. We will remember that the inductees are not our enemies. The training, after all, must not become a fight with them."

A good many of the soldiers take a notion to continue in the military. About 150 of each batch--i.e., nearly half--apply for sergeant's training.

The guard can use 44.

A lot of old soldiers would certainly call what went on at Sandholm yesterday soft. As mentioned before, the new recruits were not met with shouted commands. Instead of having clothing and equipment tossed at his head--and losing half of it on the way to the barracks--each man is given a sack. He unpacks it in his 12-man barrack.

The recruit can already leave the post today. Dressed in his own civilian clothes. Normally duty hours are from 0700 to 1620, and a 40-hour week is being worked toward.

"We are talking here about citizens in uniform. We are forced to go along with developments in the society we are here to defend," says Per Ludvigsen.

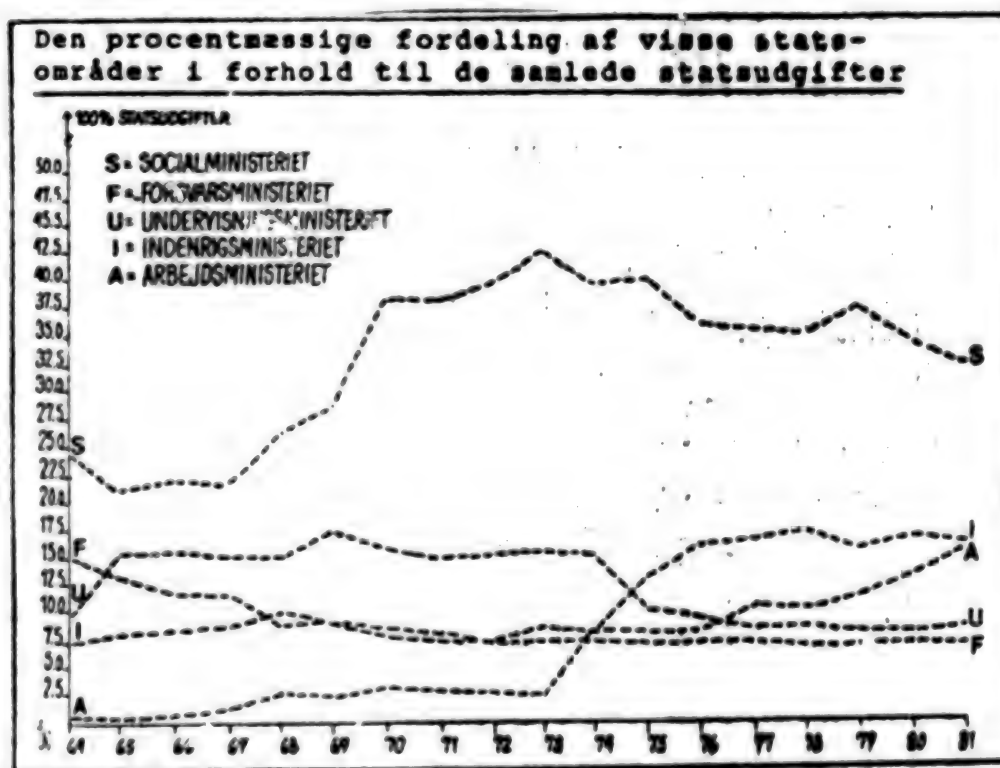
8815

CSO: 3106/163

DEFENSE LOBBY STUDY FINDS DROP IN STATE FUNDS FOR MILITARY

Copenhagen BERLINGSKE TIDENDE in Danish 27 Aug 82 p 8

[Article by H.H. Mathiesen, head of the secretariat of Værn om Danmark (Defense of Denmark): "Defense Was Saving While Others Spent"]



Division Among Certain Ministries As Percentages of the Total State Expenditures. Vertical scale: Percentages of Expenditures
 S = Ministry of Social Affairs; F = Ministry of Defense;
 U = Ministry of Education; I = Ministry of Interior;
 A = Ministry of Labor

It has been made known that the minister of defense has contributed his mite to the government's savings box: 600 million kroner, partly by postponing the

purchase of new weapons systems. Until now the parties that entered into the defense compromise of 1981 with the Social Democratic Party have said that the compromise was partly to the effect that there could be no changes in the defense budget without agreement of all the compromise parties. It is not the minister's own affair; it must first go to an 11-man committee, where it is to be hoped a military and a foreign affairs policy appraisal will be invited.

The Social Democratic Party wants to point out that *all* must economize to save the country's economy from threatened collapse. All that can be said in answer to this is that defense has economized for years, while the other public sectors have long been happily squandering. The graph above shows that defense spending as a percentage of the total state spending has declined steadily from a good 15 percent in 1964-1965 to a scant 7 percent in 1981. If we compare the percentage curves for the expenditures of the Ministry of Social Affairs, the Ministry of Education, the Ministry of Interior, and the Ministry of Labor, we see, if we put all the figures together, an increase in the same period from ca. 42 percent to ca. 72 percent. (Source: Public Accounts, Operations, Installations, and Lending Budgets.)

If we look at the curves for the Ministry of Social Affairs and the Ministry of Education in isolation, it appears as if the expenditures for these purposes have dropped somewhat both percentually and in absolute figures in the last few years. But because of changes in the rules on block grants and reimbursement of the municipalities, it is necessary to look at the Ministry of Interior and the Ministry of Labor and see whether their curves showed a considerable rise at the same time as the others' fall. The reason is quite clear.

I do not wish to downgrade either the social security system or the educational system, even though there have been dreadful aberrations here and there. But defense cannot be simply lumped in with cash welfare aid, leisure-time education, or whatever sacred cows are to be found in debt-ridden Denmark. It is important how we are judged in the countries we are dependent on for trade, borrowing, and allied help to ensure our peace and freedom. Will they trade with and extend credit to the country that as seen from abroad has lived beyond its means and on the verge of bankruptcy, and will they send their young men--and costly materiel--to help a country which apparently has to be forced to make its contribution to its own defense, and whose territory, which stands security for the debt, can be occupied in a trice?

What, rightly seen, has happened in the year since the defense compromise that was pieced together with difficulty, that would suddenly make it reasonable to reduce the compromise still further? The only thing that has happened is that the government at long length, with greatly retarded reaction time, is realizing the seriousness of the situation. It is not relatively declining defense missions that have led to the economic distress; it is quite different conditions. The Social Democratic Party must not use the country's security as a burnt offering to get the forgiveness of the gods for old sins.

8815

CSO: 3106/163

PAPER CHARGES SDP GOVERNMENT RENEGING ON DEFENSE COMPROMISE

Copenhagen BERLINGSKE TIDENDE in Danish 27 Aug 82 p 8

[Editorial: "Foolish Agitation"]

[Text] It was very hard to get the Social Democrats to give up the zero solution that they had savagely gotten their teeth into. It was possible only after lengthy and difficult negotiations to get agreement on a new defense compromise. The compromise was entered into in August of last year and it brought necessary improvements. The defense budget was raised by 369 million kroner. Automatic regulation for price and wage increases was retained. And the agreement was to be valid for a 3-year period. The zero solution was abandoned for an arrangement which, while it certainly meant a reduction of defense, still made it possible to maintain a combat-ready and credible defense.

But the Social Democrats evidently still have the zero in their heads when they think about defense. In any case they laid plans for a cut in the amount that was paid out. The minister of defense has indicated that 600 million kroner can be saved by postponement of procurements, and others--among them Knud Damgaard, member of the Folketing, who is connected with the Home Guard, and who should therefore know better--have begun to say that defense must naturally make its contribution to the big impending economy campaign which is to reduce the enormous state deficit. If there are to be cuts in the expenditures for social services and in all other fields, then why should defense get off free?

That is a Social Democratic line of argument that has been heard before, and, unfortunately, not so seldom. It shows that the Social Democrats' declared positive attitude toward defense is not worth much when it comes to the crunch. And it shows that the Social Democrats are not going to back off from carrying on a zero propaganda with the general population. For it cannot mean anything else. The government and its party know in advance that they cannot get consent to such a cutback, and they must admit that in their own resolution they abandoned it. It is an express condition for the defense compromise that no changes can be made in it unless there is agreement on it among the participants. The other participants are the Liberal Party, the Conservative Party, the Democratic Center, and the Christian People's Party. If just one of these parties will not go along--and it cannot be counted on that any of them will--it will be impossible. It does not help that the Social Democrats think they may perhaps get by with the help of the parties that were not in on the defense compromise.

When the Social Democrats entered into the defense compromise a year ago, their chief grounds, which the government also had to place great weight on, were that there was broad agreement on defense. So it has been since the war, and so it should continue to be. It is a question of the reliability of the Danish defense contribution within the Atlantic Pact. That is why it would be so stupid if the government should begin to talk in earnest about defense cuts, and so foolish if it should again let itself get involved in the zero agitation.

8815

CSO: 3106/163

NATIONAL DEFENSE BATTALIONS ABOLISHED

Athens TA NEA in Greek 12 Aug 82 p 1

[Text] The TEA [National Defense Battalions] are abolished. The new National Guard Corps which is being created will turn in its weapons before the municipal elections, and the regime of surveillance and intimidation of the residents of the countryside or the anti-communist indoctrination and all the other activities which had been assigned to the TEA by the governments of the Right will cease.

A bill introduced yesterday in the Chamber of Deputies and sponsored by the premier and National Defense minister, Mr. A. Papandreou, will repeal the Junta law 485/70 for the TEA and decrees that "the exclusive mission of the National Guard is to help in the defense of the country with loyalty to the Constitution and the democratic institutions."

According to the bill there will be a complete organization of National Guard at the borders and the islands and to the proportion of 10-30 percent in the rest of the country. It is also decreed that the National Guard will have its own insignia, the length of service will be for one year and the National Guard members will turn in their weapons on orders of the minister of National Defense under special circumstances such as elections.

9731

CSO: 4621/493

GENERAL DEL YERRO DENIES HE WILL RUN FOR OFFICE UNDER AP BANNER

Madrid EL PAIS in Spanish 13 Aug 82 p 10

[Article by Carmelo Martín, Tenerife: "Gonzalez del Yerro Resigning Military Command over Canary Islands"]

[Text] The captain-general of the Canary Islands, Lt Gen Gonzalez del Yerro, in recent weeks attended many retirement ceremonies at bases under his unified command in the island group before being transferred to active reserve status this month. Parallel to this he received the homage and best wishes from the various organizations on the island.

During one of these events, organized by the official Chamber of Commerce, Industry, and Navigation of Santa Cruz de Tenerife, held in the main officers' club in Tenerife last Monday, Gonzalez del Yerro told the invited guests--who included top officials of the province--that, now that he was taking leave of his command, he could say that "all is quiet in the Canary Islands" since the situation has returned to normal during the approximately 4 years of his tenure at the head of the captaincy-general of the island group. "Things have resumed their course after moments of lack of confidence when strange signs were painted on banners and walls," he said, alluding to the earlier outbursts of the independentists.

In statements to the press at Las Palmas, Gonzalez del Yerro denied his intention to run during the coming elections in the ranks of the Popular Alliance. "That is absolutely crazy," he pointed out. Then he talked to the Efe news agency (Press Association) about the possibility of going into politics after his retirement: "Right now, all I want to do is to rest. I want to devote more time to my children. I am not thinking of anything else." The lieutenant general might spend more time from now on in on his businesses which, during the above-mentioned ceremony honoring him, were alluded to by the President of the Tenerife Chamber of Commerce Arturo Escuder who also described Gonzalez del Yerro as a businessman in addition to a military man.

During his addresses on various islands in connection with his taking leave of the garrisons under his command, he emphasized "the difficult moments which Spain is experiencing now and my preoccupation with that." He said that we live in a time "of confusion" when the interests of persons or groups seem to prevail, while the entire community suffers from the consequences of very serious national problems." He stressed the need for coexistence and mutual respect in tackling the most serious problems of our national community, regardless of what our various political persuasions may be."

In his remarks, Gonzalez del Yerro recalled his status as the father of 10 children and he then touched on the education of young people, deploring "the lack, in the curricula of our schools, of knowledge leading to complete and indispensable patriotic indoctrination. In this connection, he appealed to the pedagogic effort of all of the teachers who are fully aware of the great responsibility inherent in their careers."

On another occasion he called attention to the people's current aspirations which, in his opinion, are jobs, security, a general environment of confidence so that economic life may develop normally, with simple and efficient government agencies, with exemplary conduct by the leading classes and with austerity in all classes.

5058

CSO: 3110/205

DRIVE TO MODERNIZE ARMY DESCRIBED

Madrid EL PAIS in Spanish 12 Aug 82 p 11

[Text] The Armed Forces Budget Allocations Law will affect the modernization of units of the Spanish Army and will basically facilitate the perfection of AT and AA defenses. The latter are two gaps in our national defense which this law will help us close.

The rate of equipment renewal in the Army is positive according to the defense bulletin BIRDS as well as the Efe News Agency. Two battalions of the 32nd Motorized Infantry Brigade have been issued armored equipment and the Army's cavalry regiments will soon get new equipment. The Cavalry Arm, on the other hand, is very far advanced in its experimentation with and testing of models to adapt its heavy 105-millimeter and 120-millimeter mortars mounted on tracked vehicles from which these weapons can be fired.

Distribution of Objectives

Right now, the operational Army is divided as follows:

Rapid deployment forces: Three divisions (armored, mechanized, and motorized), each with two brigades; one cavalry brigade, as well as army corps support and service units (with helicopter, artillery, Engineer, and support units).

Forces for the operational defense of the territory (DOT): Nine infantry brigades, two mountain divisions, with one brigade, each; an Alpine brigade, a reserve infantry brigade, coast artillery and AA artillery units, as well as garrison forces in Ceuta, Melilla, in the Balearic Islands and in the Canary Islands.

General reserve units: AT units, Engineer units, railroad, communications, and service units. A large part of the armament, vehicles, and equipment of these units is outdated or will reach the end of its useful life during the period of 1983-1990.

The improvement of AT weapons will require an increase in the short-range and medium-range MILAN projectiles already issued to the Spanish Army and the procurement, for the first time, of the TOW missile system. Looking at AA defense, the intention is to combine the AA gun which we have with the low-level AA missile. As for battle tanks, the firing system, the gun, and the engine were exchanged in the old M-41, M-47, and M-48 tanks and the AMX-30 tanks have been built in Spain.

We are continuing the procurement program for APC's on the basis of the M-113, which is a tracked APC, and the BMR which is being built by ENASA. We also plan the organization of an EW battalion, the conversion of the above-mentioned battle-tanks, so as to equip them with diesel engines, with a more powerful gun, and a more modern firing system; construction of BMR which we need and the equipment of the unit with 60 helicopters we purchased. We also continue the improvement of our wartime ammunition reserve for a limited war and the issue of communications equipment under the so-called Olimpo program.

The new procurements will center around the establishment of the wartime ammunition reserve in two stages: Until 1985 and then from 1985 until 1990 plus the partial replacement of the equipment of the units in the garrisons of Ceuta, Melilla, the Balearic Islands, and the Canary Islands, plus the 1st and 2nd reserve infantry brigades, mountain divisions, as well as the Alpine brigade, the parachute brigade, and the airmobile units, among others.

Missiles for Ceuta, Melilla, and the Strait Zone

Medium-range and short-range AT missiles are preferably earmarked for the garrisons at Ceuta and Melilla, along with the low-altitude AA missiles for the Strait Zone.

The support facilities constitute some of the most important objectives and it is advisable to obtain funds that will make it possible to buy land and build barracks and housing units.

The total volume of investments can be arranged in three groups.

1. Current commitments. These are in line with contracts now in progress and fundamentally involve the conversion of the above-mentioned battle-tanks, the construction of BMR (wheeled armored vehicles), the issue of helicopters, start of the assembly of the wartime ammunition reserve and the procurement of funds to establish an EW unit plus the issue of communications equipment.

2. New procurements: The remaining funds will be distributed as follows:

Establishment of the wartime ammunition reserve in two stages, with the first one extending until 1985, intended for units earmarked to meet the priority threat, while the second stage will apply to the rest of the units and will extend between 1985 and 1990.

Partial replacement of the equipment of the following units: Garrisons at Ceuta, Melilla, the Balearic Islands, and the Canary Islands, the 1st and 2nd reserve infantry brigades (the 2nd Brigade is the currently airtransportable brigade), the 1st, 2nd, and 3rd divisions, mountain divisions, and Alpine brigades, the parachute brigade, and the airmobile units.

New Equipment

Issue of new equipment: Complete the issue of equipment to the reserve infantry brigades, medium-range and short-range AT missiles for the garrisons in Ceuta and Melilla, the 1st, 2nd, and 3rd divisions, the parachute brigade, the AT defense regiment and the reserve brigade, low-level AA missiles for Ceuta and Melilla, and base defense.

3. Infrastructure. The infrastructure plan for the Army is designed to solve the problem deriving from the fact that a large portion of the barracks is located in urban areas and in old buildings dating back to the beginning of the century; the idea also is to provide an adequate infrastructure for the deployment and concentration of units so as to save money.

5058

CSO: 3110/205

ADMIRAL SUANZES DESCRIBES PUSH TO MODERNIZE NAVY

Madrid EL PAIS in Spanish 11 Aug 82 p 11

[Text] The program for modernizing the Spanish Navy, which will receive powerful impetus during the next decade, is being decisively supported by the Armed Forces Budget Allocations Law approved by the Congress during the last session. "The really important thing for the Spanish Navy," Adm Saturnino Suanzes de la Hidalga told Efe Agency, "is the renewal of our forces so that we may accomplish the missions assigned to us."

A large part of the units currently assigned to the Navy is older than 40 years, according to a report submitted to the Defense Committee by the Department head; this is a very advanced age when compared to the maximum averages of the majority of units in the Western navies where the figure is around 25 years; this is why in some cases these units will have to be stricken from the Navy's rolls before they have been properly replaced. The Spanish Navy's current active units are organized as follows:

Combat forces, consisting of the aircraft carrier "Dedalo" and five frigates of the "Balears" type.

Naval aviation with 11 VSTOL aircraft and 56 helicopters.

Amphibious force with three attack transports, landing vessels, and barges.

Submarine force, consisting of four units of Series 30 and four units, Series 60, ("Daphne" type).

Patrol units.

Sealane protection forces consisting of 11 destroyers and five corvettes.

Mine warfare forces (12 units).

Base defense force (patrol craft, net tenders, Marine units).

Maritime surveillance force.

Scientific vessels, training vessels, auxiliary vessels.

The process of updating the naval potential has now begun; the four submarines of the "Agosta" class (Series 70) are now in an advanced stage of construction; through the National Bazan Enterprise at El Ferrol, we are continuing with the completion of the "Descubierta" type corvettes, so as to round out the series of eight units and we have already launched the aircraft carrier "Principe de Asturias" which, along with the three new frigates of the FF6 class and the aircraft (VSTOL and ECS [ECW] aircraft), will constitute the basic nucleus of the future combat group which is expected to be operational around the year 1986.

A part of this construction work is included in the new investment plan; these plans are aimed at the updating of Spain's naval potential throughout this decade and they include the construction or purchase of other new units.

The Navy is embarking on a maintenance program for its units but that will not enable it to modify the outdated technology of those vessels. "The reason why the Navy keeps these old units in service," said Admiral Suanzes, "is that it does not have other units that can do the job. The plan for scrapping certain units is closely tied to the plan for the commissioning of new units; here it is really very serious when there are discontinuities that require much time to make up, of course, to the detriment of national security."

The new investments which the Navy wants to make for renewal of equipment are intended to enable the Navy to have the following units: A group of 12 VTOL aircraft, seven frigates for the protection of maritime traffic, two destroyers, a supply vessel and a tanker, three ocean-going patrol craft, four mine chasers, eight minesweepers, equipment for the Marines, four landing vessels of the LST type, missile-firing patrol boats, an amphibious vessel of the LPD type, a training vessel, a light transport vessel, plus the modernization of communication and EW systems.

Most of these units will not be built until the end of 1990. In shipbuilding, plans at a minimum are drawn up on a medium-range basis and the time required for getting a warship is 8 years from its design until its commissioning.

Rota, Base of Task Force

In order to deploy its naval forces, the Navy must prepare the naval base at Rota so that it may serve as peacetime base and as an operational base in wartime for a task force. This is why the logistic efforts of the Navy will have to be concentrated at this naval base so as to boost and adapt the support capability during this decade.

One of the most important aspects of the Armed Forces Budget Allocation Law is the boost to be given to the nation's industry. "The Navy," says Admiral Suanzes, "considers domestic production as one of its basic principles in the process of getting the equipment it needs."

The admiral does not think it strange that, to stimulate domestic industry, one should in practice accept a certain decline in the specifications of the systems and equipment and an increase in the cost. In spite of the undeniable development level that has been attained--a level which is expressed in the growing participation of the country's industry in all Navy projects--it is necessary to procure the most complex systems needed in modern warships abroad either completely or partly.

The problem besetting almost all countries basically springs from the high technological development required and the small number of units in a series to be produced. Out of the total allocations for the Navy in the new Armed Forces Financing Law and according to the current planning, it is estimated that the investment in the nation's industry will be 60 percent more in terms of construction.

Future Projects

The Navy plan for 1982 calls for the delivery of three corvettes by the end of the year, the launching of the aircraft carrier "Principe de Asturias," the commissioning of the submarine "Galerma" (both already completed), and advance estimates on the remaining three submarines amounting to 80 percent, 51 percent, and 21 percent.

In the area of social action, the housing construction program in the headquarters of maritime regions, arranging personnel by services or groups, calls for new housing for officers and petty officers at San Fernando and the project for the construction of housing units for specialists at El Ferrol. In the area of armament and materiel policy, plans call for study programs and projects for submarine detection, laser use, explosives and illumination devices, inertial guidance systems, and acoustic underwater research area, and the purchase of missiles.

5058

CSO: 3110/205

GEN GARCIA CONDE EXPLAINS ROLE OF NEW F-18 FIGHTERS

Madrid EL PAIS in Spanish 13 Aug 82 p 10

[Text] The recent final action taken on the FACA (Future Pursuit and Attack Aircraft) has enabled the Air Force to get going again within the effort to develop the Western air forces; this decision has been termed "a historical step in our aviation." "However," Lt Gen Emilio Garcia Conde-Cenal, chief of the Air Force General Staff, told Efe Agency [Press Association] "I want to make it quite clear that with this program, such as it is going to be carried out, we will not increase the Air Force's capacity; we will only be replacing obsolete equipment so that our air units will not become stronger in terms of quantity or number of weapons."

"Everybody knows--or should know--that the maintenance of security," continued Lt Gen Garcia Conde, "in other words, defense, is expensive. Looking at the Air Force mission, as well as rising equipment costs, we find that the training of the men who will use and maintain the equipment is one of the most important aspects in the Armed Forces as a whole."

"But when it comes to defense," he added, "the situation is the same as with any other means of protection; halfway measures are not enough; if you have to provide protection against the cold, you cannot get along with just half a house; you have to have a complete house; and if you want to fight fire, you cannot do it with just buckets of water; you have to have a fire-fighting service."

"Well, the Air Force has been suffering from a major shortage of funds in maintaining a moderate capability. Since weapons systems not only become old but also outdated, it is becoming increasingly difficult for us to extricate ourselves from our penury." According to the document presented by Defense Minister Alberto Oliart to the Defense Committee of the Congress of Deputies, the Air Force right now, in terms of combat units, has 10 fighter and attack squadrons. The equipment of five of those squadrons, involving C-12 and A-9 aircraft, will have to be taken out of the inventory during this decade.

Replacing the Phantom Aircraft

The F-1 program is practically complete and the purpose was to equip three of our current squadrons of combat aircraft with Mirage F-1 aircraft. The Air Force will in the immediate future face the urgent need for replacing its C-12 (Phantom)

and A-9 (F-5) aircraft with new F-18 fighter and attack aircraft in the FACA program. The budget funds allocated to the Air Force by the Armed Forces Allocations Law will be used to complete this program which is of the utmost importance to the operational effectiveness of the Air Force. Here are the additions planned for 1983-1990: In 1983, 16 CASA 101 aircraft; in 1984, four CASA 212 aircraft, plus 10 SAR helicopters; in 1985, two FACA aircraft; in 1986, 21 FACA aircraft; in 1987, 24 FACA aircraft; in 1988, 24 FACA aircraft; in 1989, 24 FACA aircraft; and in 1990, one FACA aircraft.

"I want to emphasize," said Lt Gen Emilio Gardia Conde-Cenal, "the support which national policy can receive from air power. Any nation committed to pursuing a consistent foreign policy must make a major effort in connection with its Air Force which at the present moment constitutes a fundamental factor in the achievement of deterrence or, which is the same thing, peace."

5058

CSO: 3110/205

END

END OF

FICHE

DATE FILMED

17 Sept. 1982